

NEW ISSUE - DTC BOOK ENTRY ONLY

In the opinion of Dorsey & Whitney LLP, Bond Counsel, according to present laws, rulings and decisions and assuming compliance with certain covenants, the interest on the Bonds will be excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986; provided however such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). In the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code." See "Tax Exemption and Related Tax Matters" herein.



\$3,950,000
Norwalk, Iowa
General Obligation Corporate Purpose Bonds
Series 2015A

Dated: Date of Delivery

The \$3,950,000 General Obligation Corporate Purpose Bonds, Series 2015A (the "Bonds") are being issued in fully registered form in denominations of \$5,000 or any integral multiple thereof pursuant to a Resolution (the "Bond Resolution") adopted by the City of Norwalk, Iowa (the "City" or the "Issuer") on January 8, 2015. The Depository Trust Company, New York, New York ("DTC") will act as the securities depository for the Bonds and its nominee, Cede & Co., will be the registered owner of the Bonds. Individual purchases of the Bonds will be recorded on a book-entry only system operated by DTC. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by Bankers Trust Company, Des Moines, Iowa as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds. See "APPENDIX E – BOOK-ENTRY SYSTEM" herein.

The Bonds will bear interest from their dated date, payable semiannually on each June 1 and December 1, commencing December 1, 2015. The Bonds are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, on June 1, 2023 or on any date thereafter at a redemption price equal to the principal amount of the Bonds, together with accrued interest to the date fixed for redemption, without premium. See "DESCRIPTION OF THE BONDS – Redemption" herein.

The Bonds and the interest thereon are general obligations of the City, and all taxable property within the corporate boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by:

BUILD AMERICA MUTUAL ASSURANCE COMPANY

Proceeds of the Bonds will be used for the purpose of paying the costs, to that extent, of constructing street, storm sewer, sanitary sewer, water system and sidewalk improvements and paying certain costs of issuance related to the Bonds. See "PLAN OF FINANCING" herein.

MATURITY SCHEDULE

Bond Due	Amount	Rate	Yield	Cusip Num. ¹	Bonds Due	Amount	Rate	Yield	Cusip Num. ¹
June 1, 2016	\$135,000	2.00%	0.650%	669045NC6	June 1, 2026	\$210,000	2.50%	2.200%	669045NN2
June 1, 2017	175,000	2.00%	0.900%	669045ND4	June 1, 2027	215,000	2.50%	2.300%	669045NP7
June 1, 2018	180,000	2.00%	1.050%	669045NE2	June 1, 2028	220,000	2.75%	2.400%	669045NQ5
June 1, 2019	180,000	2.00%	1.300%	669045NF9	June 1, 2029	225,000	2.75%	2.500%	669045NR3
June 1, 2020	185,000	2.00%	1.400%	669045NG7	June 1, 2030	235,000	3.00%	2.650%	669045NS1
June 1, 2021	190,000	2.00%	1.650%	669045NH5	June 1, 2031	240,000	3.00%	2.750%	669045NT9
June 1, 2022	195,000	2.00%	1.800%	669045NJ1	June 1, 2032	245,000	3.25%	2.850%	669045NU6
June 1, 2023	195,000	2.25%	1.900%	669045NK8	June 1, 2033	255,000	3.50%	2.950%	669045NV4
June 1, 2024	200,000	2.25%	2.000%	669045NL6	June 1, 2034	265,000	3.50%	3.000%	669045NW2
June 1, 2025	205,000	2.50%	2.100%	669045NM4					

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion as to legality, validity and tax exemption by Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel. Dorsey & Whitney LLP is also serving as Disclosure Counsel to the Issuer in connection with issuance of the Bonds. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about January 21, 2015.

The Date of this Official Statement is January 8, 2015

¹ CUSIP numbers shown above have been assigned by a separate organization not affiliated with the Issuer. The Issuer has not selected nor is responsible for selecting the CUSIP numbers assigned to the Bonds nor do they make any representation as to the correctness of such CUSIP numbers on the Bonds or as indicated above.

No dealer, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy any of the securities offered hereby in any state to any persons to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City since the date hereof.

The information set forth herein has been obtained from the City and from other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Appendix F – Specimen Municipal Bond Insurance Policy".

No representation is made regarding whether the Bonds constitute legal investments under the laws of any state for banks, savings banks, savings and loan associations, life insurance companies, and other institutions organized in such state, or fiduciaries subject to the laws of such state.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATIONS OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS "PLAN," "EXPECT," "PROJECTED," "ESTIMATE," "BUDGET" OR OTHER WORDS OF SIMILAR IMPORT. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO DIFFER FROM THOSE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

In connection with the issuance of the Bonds, the City will enter into a Continuing Disclosure Certificate. See "APPENDIX C: FORM OF THE CITY'S CONTINUING DISCLOSURE CERTIFICATE."

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OFFICIAL STATEMENT
\$3,950,000
NORWALK, IOWA
GENERAL OBLIGATION CORPORATE PURPOSE BONDS,
SERIES 2015A

INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices hereto (the “Official Statement”), is to set forth certain information in conjunction with the sale of \$3,950,000 General Obligation Corporate Purpose Bonds, Series 2015A (the “Bonds”) of the City of Norwalk, Iowa (the “Issuer” or the “City”). This Introduction is not a summary of this Official Statement, but is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the appendices attached hereto. All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Copies of statutes, resolutions, ordinances, reports or other documents referred to herein are available, upon request, from the City.

The Bonds are being issued pursuant to the provisions of Chapter 384 of the Code of Iowa, 2013, as amended (collectively, the “Act”) and a Resolution adopted by the City on January 8, 2015 (the “Bond Resolution”), to evidence the obligations of the Issuer under a Loan Agreement between the Issuer and the Underwriter.

The Bonds and the interest thereon are general obligations of the City, and all taxable property within the corporate boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” herein.

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included in Appendix F to this Official Statement. See “BOND INSURANCE” herein for a description of the Policy and BAM. See “BONDHOLDERS’ RISKS – Bond Insurance” herein for a description of certain of the risks related to the Policy. See Appendix F for a specimen of the Policy.

Proceeds of the Bonds will be used for the purpose of paying the costs, to that extent, of constructing street, storm sewer, sanitary sewer, water system and sidewalk improvements and paying certain costs of issuance related to the Bonds and paying certain costs of issuance related to the Bonds. See “PLAN OF FINANCING” herein.

THE CITY

The City, with a 2010 U.S. Census population of 8,945, has a total area of 11.1972 square miles. The City operates under a statutory form of government consisting of a five member City Council, of which the Mayor is not a voting member. Additional information concerning the City is included in “APPENDIX A – INFORMATION ABOUT THE ISSUER” hereto.

THE BONDS

General

The Bonds will be issued in fully registered form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Interest on and principal of the Bonds are payable in lawful money of the United States of America.

The Bonds are dated as of the Delivery Date, will mature on June 1 in the years and in the amounts set forth on the cover page hereof, and will bear interest at the rates set forth on the cover page hereof. Interest on the Bonds is payable semiannually on June 1 and December 1 in each year, beginning on December 1, 2015, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or wire of the Registrar mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the interest payment date, to the addresses appearing on the registration books maintained by the Registrar or such other address as is furnished to the Registrar in writing by a registered owner. The Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

Redemption

Optional Redemption. The Bonds are subject to redemption at the option of the City, as a whole or in part, from any source of available funds, on June 1, 2023 or on any date thereafter at a redemption price equal to the principal amount of the Bonds, together with accrued interest to the date fixed for redemption, without premium.

Selection of Bonds for Redemption. Bonds subject to redemption will be selected in such order of maturity as the City may direct. If less than all of the Bonds of a single maturity are to be redeemed, the Bonds to be redeemed will be selected by lot or other random method by the Registrar in such a manner as the Registrar may determine.

Notice of Redemption. Prior to the redemption of any Bonds under the provisions of the Bond Resolution, the Paying Agent shall give notice by first class mail not less than thirty (30) days prior to the redemption date to each registered owner thereof.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

Pursuant to the Bond Resolution and the Act, the Bonds and the interest thereon are general obligations of the City, and all taxable property within the corporate boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount. See “APPENDIX A -- INFORMATION ABOUT THE ISSUER.”

In addition, scheduled payment of principal of and interest on the Bonds is guaranteed by the Policy. See “BOND INSURANCE” and “BONDHOLDERS’ RISKS – Bond Insurance” herein for a further discussion of the Policy, and Appendix F hereto for a specimen of the Policy.

Section 76.2 of the Code of Iowa provides that when an Iowa political subdivision issues general obligation bonds, the governing authority of such political subdivision shall, by resolution adopted before issuing the bonds, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds. A certified copy of this resolution shall be filed with the county auditor in which the issuer is located, giving rise to a duty of the auditor to annually enter this levy for collection from the taxable property within the boundaries of the issuer, until funds are realized to pay the bonds in full.

For the purpose of providing for the levy and collection of a direct annual tax sufficient to pay the principal of and interest on the Bonds as the same become due, the Bond Resolution provides for the levy of a tax sufficient for that purpose, on all the taxable property in the City in each of the years while the Bonds are outstanding. The Issuer shall file a certified copy of the Bond Resolution with the County Auditor, pursuant to which the County Auditor is instructed to enter for collection and assess the tax authorized. When annually entering such taxes for collection, the County Auditor shall include the same as a part of the tax levy for Debt Service Fund purposes of the City and when collected, the proceeds of the taxes shall be converted into the Debt Service Fund of the City and set aside therein as a special account to be used solely and only for the payment of the principal of and interest on the Bonds and for no other purpose whatsoever.

Pursuant to the provisions of Section 76.4 of the Code of Iowa, each year while the Bonds remain outstanding and unpaid, any funds of the City which may lawfully be applied for such purpose, may be appropriated, budgeted and, if received, used for the payment of the principal of and interest on the Bonds as the same become due, and if so appropriated, the taxes for any given fiscal year as provided for in the Bond Resolution, shall be reduced by the amount of such alternate funds as have been appropriated for said purpose and evidenced in the City’s budget.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included in Appendix F to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2014 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$492.2 million, \$38.0 million and \$454.2 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditsights/.

Obligor Disclosure Briefs. Subsequent to closing, BAM posts an Obligor Disclosure Brief on every issue insured by BAM, including the Bonds. BAM Obligor Disclosure Briefs provide information about the gross par insured by CUSIP, maturity and coupon; sector designation (e.g. general obligation, sales tax); a summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. The Obligor Disclosure Briefs are also easily accessible on BAM's website at buildamerica.com/obligor/.

Disclaimers. The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit- related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and

BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

BOND INSURANCE.

BONDHOLDERS' RISKS

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

Bond Insurance

In the event of default of the payment of the regularly scheduled principal of and interest on the Bonds when due, any owner of the Bonds will have a claim under the Policy for such payments.

Default in the payment of principal of and interest on the Bonds does not obligate acceleration of the obligations of BAM without appropriate consent. BAM may direct and must consent to any remedies exercised and BAM's consent may be required in connection with amendments to the Resolution. The obligations of BAM under the Policy are general obligations of BAM and in an event of default by BAM, the remedies available to the Bondholders may be limited by laws related to insolvency. If BAM becomes insolvent or otherwise becomes subject to receivership or similar proceedings under state insurance law, Bondholders may become general unsecured creditors of BAM and, under such circumstances, timely payment of the principal of and interest on the Bonds might depend entirely on the ability of the City to pay principal of and interest on the Bonds as described under the heading "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein.

The ability of BAM to make payment of such defaulted principal or interest under the Policy may be adversely affected by the financial condition of BAM at such time. No assurance is given as to the current or future financial condition of BAM or the financial condition of any entity with which BAM may merge or by which it may be acquired.

In the event BAM is unable to make payment of principal and interest on the Bonds as such payments become due under the Policy, the Bonds are payable solely from the City as described herein. In the event BAM becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability for the Bonds.

The long-term ratings of the Bonds are dependent in part on the financial strength of BAM and its claims-paying ability. BAM's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of BAM and of the ratings on the Bonds will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability for the Bonds. See "RATINGS" herein.

The City has made no independent investigation into the claims-paying ability of BAM, and no assurance or representation regarding the financial strength or projected financial strength of BAM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal of and interest on the Bonds and the claims-paying ability of BAM, particularly over the life of the Bonds. See "BOND INSURANCE" herein for further information provided by BAM and the Policy, which includes further instructions for obtaining current financial information regarding BAM.

Enforceability of Remedies in the Policy

The practical realization of any rights of Bondholders against the Policy following a default under the Resolution will depend upon the exercise of various remedies specified in the Policy and otherwise available under applicable law. The remedies available to the Bondholders under the Policy, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Policy may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Policy. Equity principles may delay or otherwise adversely affect the ability of the Bondholder to obtain amounts under the Policy. Remedies under the Policy under existing law may not be readily available or may be limited.

The remedies available upon an event of default under the Policy are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Policy may not be readily available or may be limited. The legal opinion delivered at the time of the issuance of the Policy will be qualified as to the enforceability of the Policy by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

If BAM becomes insolvent or otherwise becomes subject to receivership or similar proceedings under state insurance law, Bondholders may become general unsecured creditors of BAM and, under such circumstances, timely payment of the principal of and interest on the Bonds might depend entirely on the Net Revenues of the System as described under the heading “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” herein.

No Right of Bondholders to Direct Remedies

Unless BAM is in default of its obligations under the Policy, BAM is entitled to control and direct any of the rights or remedies with respect to the Bonds. However, BAM has no fiduciary responsibility to the Bondholders with respect to the direction of such remedies and has no obligation to preserve the exclusion from gross income for federal income tax purposes of amounts paid to the Bondholders by BAM and designated as interest.

Ratings Loss

Moody’s Investors Service, Inc. (“Moody’s”) has assigned a rating of “A1” to the Bonds based upon the credit strength of the City. In addition, S&P has assigned a rating of “AA” to the Bonds based upon the issuance of the Policy by BAM at the time of delivery of the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody’s, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds. See “BONDHOLDERS’ RISKS – Bond Insurance” herein for a discussion of certain risks related to BAM and the Policy. See “RATINGS” herein for a further discussion of the assigned ratings.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Bonds.

Tax Levy Procedures

The Bonds are general obligations of the Issuer, payable from and secured by a continuing ad-valorem tax levied against all of the property valuation within the Issuer. As part of the budgetary process of the Issuer each fiscal year the Issuer will have an obligation to request a debt service levy to be applied against all of the property within the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service on the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds.

2013 Property Tax Legislation

During its 2013 session the Iowa Legislature enacted, and the Governor signed, Senate File 295 (“SF295”). Among other things, SF295 limits annual assessed value growth with respect to residential and agricultural property from 4% to 3%, reduces as a rollback the taxable value applicable to commercial, industrial and railroad property to 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, and provides a partial exemption on telecommunications property. SF295 also creates a new separate classification for multiresidential properties which were previously taxed as commercial properties, and assigns an incremental rollback percentage over several years for multiresidential properties such that the multiresidential rollback determination

will match that for residential properties in the 2022 assessment year. As a result of SF295, local governments expect to experience reductions in property tax revenues over the next several fiscal years. SF295 includes state-funded replacement moneys for a portion of the expected reduction in property tax revenues to the local governments, but such replacement funding is limited in both amount and duration of availability. There can be no assurance the state-funded replacement moneys will be provided by the state, if at all, during the term the Bonds remain outstanding. The Issuer does not expect the state replacement funding to fully address the property tax reductions resulting from SF295 during the term the Bonds remain outstanding. While SF295 does not limit the legal obligation or the amount the Issuer may be required to levy for payments of debt service on the Bonds there can be no assurances that SF295 will not have a material adverse impact with respect to the Issuer's ability to pay debt service on a timely basis.

Changes in Property Taxation

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Any alteration in property taxation structure could affect property tax revenues available to pay the Bonds.

Historically, the Iowa General Assembly has applied changes in property taxation structure on a prospective basis; however, there is no assurance that future changes in property taxation structure by the Iowa General Assembly will not be retroactive. It is impossible to predict the outcome of future property tax changes by the Iowa General Assembly or their potential impact on the Bonds and the security for the Bonds.

Matters Relating to Enforceability of Agreements

Holders of the Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Bond Resolution.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Bond Resolution or the Loan Agreement. The remedies available to the owners of the Bonds upon an event of default under the Bond Resolution or the Loan Agreement, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the federal bankruptcy code, certain of the remedies specified in the Loan Agreement or the Bond Resolution may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given, that the enforcement of any remedies with respect to such assets will result in sufficient funds to pay all amounts due under the Bond Resolution or the Loan Agreement, including principal of and interest on the Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, secondary marketing practices in connection with a particular Bond or Bonds issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

Tax Matters, Bank Qualification and Loss of Tax Exemption

As discussed under the heading "TAX EXEMPTION AND RELATED TAX MATTERS" herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the Issuer in violation of its covenants in the Resolution. Should such an event of taxability occur, the Bonds would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Bonds, and there is no provision for an adjustment of the interest rate on the Bonds.

The Issuer will designate the Bonds as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and has further covenanted to comply with certain other requirements,

which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. However, the Issuer's failure to comply with such covenants could cause the Bonds not to be "qualified tax-exempt obligations" and banks and certain other financial institutions would not receive more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code

It is possible that actions of the Issuer after the closing of the Bonds will alter the tax status of the Bonds, and, in the extreme, remove the tax exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset. A determination of taxability on the Bonds, after closing of the Bonds, could materially adversely affect the value and marketability of the Bonds.

DTC-Beneficial Owners

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Registrar to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the Issuer nor the Registrar will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See "APPENDIX E - BOOK-ENTRY SYSTEM."

Pending Federal Tax Legislation

From time to time, legislative proposals are pending in Congress that would, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Bonds. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. See "TAX EXEMPTION AND RELATED TAX MATTERS" herein.

Pension Information

The Issuer contributes to the Iowa Public Employees' Retirement System ("IPERS"), which is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the Issuer are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The IPERS Comprehensive Annual Financial Report for its fiscal year ended June 30, 2013 (the "IPERS CAFR") indicates that as of June 30, 2013, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 81.02%, and the unfunded actuarial liability was \$5.787 billion. The IPERS CAFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See "APPENDIX D — AUDITED FINANCIAL STATEMENTS" for additional information on IPERS.

In fiscal year 2013, the Issuer's IPERS contribution totaled approximately \$261,631, compared to a contribution in fiscal year 2012 of \$238,478.

The following table sets forth certain information about the funding status of IPERS that has been extracted from the IPERS CAFR. According to IPERS, as of the end of fiscal year 2013, there were approximately 342,652 total members participating in IPERS, including Issuer employees.

Fiscal Year Ended June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability [b]	Unfunded Actuarial Accrued Liability (UAAL) [b] – [a]	Funded Ratio [a] / [b]	Covered Payroll [c]	UAAL as a % of Covered Payroll ([b]-[a]) /[c]
2010	\$21,537,458,560	\$26,468,419,650	\$4,930,961,090	81.37%	\$6,571,182,005	75.04%
2011	\$22,575,309,199	\$28,257,080,114	\$5,681,770,915	79.89%	\$6,574,872,719	86.42%
2012	\$23,530,094,461	\$29,446,197,486	\$5,916,103,025	79.91%	\$6,786,158,720	87.18%
2013	\$24,711,096,187	\$30,498,342,320	\$5,787,246,133	81.02%	\$6,880,131,134	84.12%

Source: IPERS Comprehensive Annual Financial Report (Fiscal Year 2013)

When calculating the funding status of IPERS for fiscal year 2013, the following assumptions were used by IPERS: (1) the amortization period for the total unfunded actuarial liability is 30 years (which is consistent with the maximum acceptable amortization period set forth by the Governmental Accounting Standards Board (“GASB”) in GASB Statement No. 25); (2) the rate of return on investments is assumed to be 7.5%; (3) salaries are projected to increase 4.0-17% for IPERS, depending on years of service; and (4) the rate of inflation is assumed to be 3.25% for prices and 4.0% for wages.

Bond Counsel, Disclosure Counsel, the Issuer, the Underwriter, and the Financial Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the State Auditor’s website or links to other Internet sites accessed through the IPERS website.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

LITIGATION

The City encounters litigation occasionally, as a course of business, however, no litigation currently exists that is not believed to be covered by current insurance carriers and no litigation has been proposed that questions the validity of these Bonds.

ACCOUNTANT

The financial statements of the Issuer included as APPENDIX D to this Official Statement have been examined by Shull & Co. P.C., to the extent and for the periods indicated in their report thereon. Such financial statements have been included herein without permission of said firm, and said firm expresses no opinion with respect to the Bonds or the Official Statement.

FINANCIAL ADVISOR

The Issuer has retained Independent Public Advisors, LLC, Johnston, Iowa, as financial advisor (the “Financial Advisor”) in connection with the issuance of the Bonds. The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Bonds. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the Bonds. The Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of the Official Statement.

PLAN OF FINANCING

The City will use the proceeds of the Bonds to provide funds for the purpose of paying the costs, to that extent, of constructing street, storm sewer, sanitary sewer, water system and sidewalk improvements and paying certain costs of issuance related to the Bonds.

SOURCES AND USES OF FUNDS

The following are the expected sources and uses of funds, with respect to the Bonds:

<u>Sources of Funds</u>	
Bond Principal	\$3,950,000.00
Net Original Issue Premium	<u>101,518.95</u>
<u>Total Sources of Funds</u>	<u>\$4,051,518.95</u>
<u>Uses of Funds</u>	
Deposit to Project Fund	\$3,934,000.00
Costs of Issuance	51,000.00
Allowance for Underwriter's Discount	62,568.00
Contingency	<u>3,950.95</u>
<u>Total Uses of Funds</u>	<u>\$4,051,518.95</u>

TAX EXEMPTION AND RELATED TAX MATTERS

Federal Income Tax Exemption

The opinion of Bond Counsel will state that under present laws and rulings, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986 (the "Code"), provided, however that such interest must be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes).

The opinion set forth in the preceding sentence will be subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. In the resolution authorizing the issuance of the Bonds, the Issuer will covenant to comply with all such requirements.

There may be certain other federal tax consequences to the ownership of the Bonds by certain taxpayers, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will express no opinion with respect to other federal tax consequences to owners of the Bonds. Prospective purchasers of the Bonds should consult with their tax advisors as to such matters.

Proposed Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Qualified Tax-Exempt Obligations

In the resolution authorizing the issuance of the Bonds, the Issuer will designate the Bonds as “qualified tax exempt obligations” within the meaning of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to tax-exempt obligations. In the opinion of Bond Counsel, the Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Original Issue Premium

The Bonds are being issued at a premium to the principal amount payable at maturity. Except in the case of dealers, which are subject to special rules, Bondholders who acquire Bonds at a premium must, from time to time, reduce their federal tax bases for the Bonds for purposes of determining gain or loss on the sale or payment of such Bonds. Premium generally is amortized for federal income tax purposes on the basis of a bondholder’s constant yield to maturity or to certain call dates with semiannual compounding. Bondholders who acquire any Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their any original cost. Amortized premium is not deductible for federal income tax purposes. Bondholders who acquire any Bonds at a premium should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling the Bonds acquired at a premium.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax-exempt status of the interest thereon (see “TAX EXEMPTION AND RELATED TAX MATTERS” herein) are subject to the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, a form of which is attached hereto as APPENDIX B. Signed copies of the opinion, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel. Dorsey & Whitney LLP is also serving as Disclosure Counsel to the Issuer in connection with issuance of the Bonds.

The legal opinion to be delivered will express the professional judgment of Bond Counsel, and by rendering a legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction.

CONTINUING DISCLOSURE

The City will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the City (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the City no later than twelve months after the close of each fiscal year, commencing with the fiscal year ending June 30, 2014, with the Municipal Securities Rulemaking Board, at its internet repository named “Electronic Municipal Market Access” (“EMMA”). The notices of events, if any, are also to be filed with EMMA. (See “EXHIBIT C — Form of Continuing Disclosure Certificate.”) The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in “EXHIBIT C — Form of Continuing Disclosure Certificate.” These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “Rule”).

During the past five years, the Issuer has not failed to comply in all material respects with any previous undertakings it has entered into with respect to the Rule.

RATING

The Bonds are rated “A1” by Moody’s based upon the credit strength of the City. In addition, S&P has assigned a rating of “AA” to the Bonds, with the understanding that upon delivery of the Bonds, the Policy insuring when due the principal of and interest on the Bonds will be issued by BAM. The ratings reflect only the views of Moody’s and S&P, respectively, and an explanation of the significance of that rating may be obtained only from Moody’s or S&P and their respective published materials. The ratings described

above are not a recommendation to buy, sell or hold the Bonds. There can be no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of Moody's or S&P, as applicable, circumstances so warrant. Therefore, after the date hereof, investors should not assume that the rating is still in effect. A downward revision or withdrawal of either rating is likely to have an adverse effect on the market price and marketability of the Bonds. The Issuer has not assumed any responsibility either to notify the owners of the Bonds of any proposed change in or withdrawal of any rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Certificate, or to contest any revision or withdrawal.

The ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. The City and BAM furnished to Moody's (and, with respect to BAM, S&P) certain information and materials concerning the Bonds and themselves. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the rating agencies. There is no assurance that such ratings will remain for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies, if in their judgment circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

Moody's and S&P have each recently taken actions to address the effects of the downturns in the market for structured finance instruments, including collateralized debt obligations and residential mortgage backed securities, on the claims-paying ability of the bond insurance companies, including BAM. In various releases, rating agencies have outlined the processes that they are following in order to evaluate the effect of this risk on their respective ratings of financial guarantors. As a result of such evaluations, rating agencies have taken certain steps, including affirming the ratings of certain financial guarantors, adopting a negative outlook on the ratings of others, placing the ratings of other financial guarantors on credit watch for possible downgrades, and downgrading certain other financial guarantors. Potential investors are directed to Moody's and S&P for additional information on their evaluations of the financial guaranty industry and individual financial guarantors, including BAM. See "BONDHOLDERS' RISKS – Bond Insurance" herein for a description of certain risks associated with BAM and "BOND INSURANCE" herein for information relating to the financial condition and ratings of BAM.

UNDERWRITING

The Bonds are being purchased, subject to certain conditions, by Raymond James & Associates, Inc. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds at an aggregate purchase price of \$3,988,950.95 (reflecting the par amount of the Bonds plus net original issue premium and an underwriting discount of \$62,568.00) to the Closing Date.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the cover page. The initial public offering prices of the Bonds may be changed, from time to time, by the Underwriter.

The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

MISCELLANEOUS

Brief descriptions or summaries of the City, the Bonds, the Bond Resolution and other documents, agreements and statutes are included in this Official Statement. The summaries or references herein to the Bonds, the Bond Resolution and other documents, agreements and statutes referred to herein, and the description of the Bonds included herein, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents. Copies of such documents may be obtained from the City.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the Bonds.

The attached APPENDICES A, B, C, D, E and F are integral parts of this Official Statement and must be read together with all of the foregoing statements.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Bonds.

The City has reviewed the information contained herein which relates to it and has approved all such information for use within this Official Statement. The execution and delivery of this Official Statement has been duly authorized by the City.

NORWALK, IOWA

/s/ Marketa Oliver, City Manager

APPENDIX A - INFORMATION ABOUT THE ISSUER

CITY OF NORWALK, IOWA

NORWALK, IA

CITY HALL
705 North Avenue
Norwalk, IA 50211
Telephone 515-981-0228

CITY COUNCIL

Tom Phillips, Mayor *Term Expires December 31, 2017*
Eric Delker, Council Member *Term Expires December 31, 2015*
Erika Isley, Council Member *Term Expires December 31, 2017*
Kyle Jackson, Council Member *Term Expires December 31, 2015*
Jaki Livingston, Council Member *Term Expires December 31, 2017*
Tom Greteman, Council Member *Term Expires December 31, 2015*

CITY OFFICIALS

Marketa Oliver *City Manager*
Jeff Rosien *City Clerk/Finance Officer*
Jodi Eddleman *Deputy Clerk*
James Dougherty *City Attorney*

IOWA PROPERTY VALUATIONS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs all County Auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The assessments finalized as of January 1 of each year are applied to the following fiscal year. The 2013 final Actual Values were adjusted by the Warren and Polk County Auditors. The reduced values, determined after the application of rollback percentages, are the Taxable Values subject to tax levy. For assessment year 2013, the Taxable Value rollback rate was 54.4002% of Actual Value for residential property; 43.3997% of Actual Value for agricultural property; 95% of Actual Value for commercial, industrial, and railroad property, and 100% of Actual Value for utility property.

The Legislature's intent has been to limit the growth of statewide taxable valuations for most classes of property to 3% annually; utility taxable valuation growth is limited to 8%. Political subdivisions whose taxable values are thus reduced or are unusually low in growth are allowed to appeal the valuations to the State Appeal Board, in order to continue to fund present services.

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1/1/2013 VALUATIONS (Taxes Payable July 1, 2014 through June 30, 2015)

<u>Class of Property</u>	<u>100% Actual Value</u>	<u>Taxable Value (With Rollback)</u>
Residential	\$491,634,992	\$251,728,058
Commercial	12,359,440	9,553,448
Industrial	1,878,385	1,709,772
Utilities w/o Gas & Electric	<u>1,352,098</u>	<u>1,352,098</u>
Gross Valuation	\$507,224,915	\$264,343,376
Less Military Exemption	<u>(805,620)</u>	<u>(779,692)</u> ¹
Net Valuation	\$506,419,295	\$263,563,684
TIF Increment (used to compute debt service levies and constitutional debt limit)	\$79,733,343	\$79,707,415 ¹
Taxed Separately:		
Ag. Land & Buildings	\$5,035,930 ^{2,3}	\$2,082,418 ⁴
Gas & Electric Utilities	\$23,842,774	\$19,219,284

2013 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY

<u>Class of Property</u>	<u>Taxable Valuation⁵</u>	<u>Percent Total</u>
Residential	\$251,278,058	88.77%
Commercial, Industrial and Utility	12,615,318	4.45%
Gas & Electric Utilities	<u>19,219,284</u>	<u>6.78%</u>
Total Gross Taxable Valuation	\$284,562,660	100.00%

TREND OF VALUATIONS

The 100% Actual Valuations, before rollback and after reduction of military exemption, include Ag. Land, Ag. Buildings, TIF Increment, and Gas & Electric Utilities. The Taxable Valuations, with the rollback and after the reduction of military exemption, exclude the Taxable TIF Increment, Ag. Land and Ag Buildings. Iowa cities certify operating levies against Taxable Valuation excluding the Taxable TIF Increment and debt service levies are certified against Taxable Valuations including the Taxable TIF Increment.

<u>Assessment Year</u>	<u>Payable Fiscal Year</u>	<u>100% Valuation</u>	<u>Taxable Valuation (With Rollback)</u>	<u>Taxable TIF Increment</u>
2009	2010/11	536,499,951	227,779,420	53,553,690
2010	2011/12	566,320,317	244,751,313	62,001,690
2011	2012/13	581,323,967	283,449,985	42,355,589
2012	2013/14	604,522,629	273,958,782	74,664,645
2013	2014/15	615,213,612	282,782,968	79,707,415

¹ Excludes \$25,928 of TIF military exemption.

² Excludes \$182,270 of TIF Ag land.

³ Includes \$3,900 of Ag land that lies within Polk County.

⁴ Includes \$1,693 of Ag land that lies within Polk County.

⁵ Excludes Taxable TIF Increment and Ag. Land & Buildings.

LARGER TAXPAYERS

<u>Taxpayer</u>	<u>Property Type</u>	<u>1/1/2013 Taxable Valuation</u>
Midwest Power Systems Inc	Utility	\$19,218,864
MFR Partners VIII LLC	Commercial	7,216,350
TZVI Realty LLC	Commercial	6,737,685
Metropolitan Land Company, LC	Commercial	3,782,116
Echo Valley Investment CO LC	Commercial	2,668,421
Legacy Golf Club Inc	Commercial	2,429,679
Fareway Stores Inc	Commercial	2,021,885
Eggers Built Homes Inc	Real-Estate	1,978,663
Individual	Private	1,870,170
Diligent Warrior Run LLC	Commercial	1,603,692
Graham Real Estate One LLC	Real-Estate	1,572,630
RD Norwalk LLLP	Commercial	1,527,125
Corner/Advance Investments LLS	Commercial	1,521,720
Comito Real Estate LLC	Real-Estate	1,460,079
Plaza Food Center Inc	Commercial	1,428,895

DEBT LIMIT

Article XI, Section 3 of the State of Iowa Constitution limits the amount of debt outstanding at any time of any county, municipality or other political subdivision to no more than 5% of the actual value of all taxable property within the corporate limits, as taken from the last state and county tax list. The debt limit for the City, based on its 2013 Actual Valuations applicable to fiscal year 2014-15 is as follows:

2013 Actual Valuation of Property	\$616,019,232
Less Military Exemption	<u>(805,620)</u>
Net Valuation	\$615,213,612
Constitutional Debt Percentage	5.00%
Constitutional Debt Limit	\$30,760,681
Less: Applicable General Obligation Debt	(18,590,000)
Less: Rebate Agreements	<u>(292,749)</u>
Constitutional Debt Margin	\$11,877,932

DIRECT DEBT

General Obligation Debt Paid by Property Taxes

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 01/08/15</u>
04/07A	\$1,950,000	Corporate Purpose	06/22	\$1,050,000
09/08A	780,000	Corporate Purpose	06/18	380,000
08/10B	5,320,000	Corporate Purpose	06/30	4,470,000
04/12A	1,095,000	Corporate Purpose	06/22	980,000
04/12B	1,050,000	Refunding	06/20	850,000
01/15A	3,950,000	Corporate Purpose	06/34	<u>3,950,000</u>
Subtotal				\$11,680,000

General Obligation Debt Abated by Tax Increment

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 01/08/15</u>
08/10A	\$4,685,000	Urban Renewal Projects	06/30	\$4,015,000
08/10C	1,260,000	Refunding	06/15	100,000
09/10D	1,475,000	Urban Renewal Projects	06/30	1,270,000
04/12B	1,770,000	Refunding	06/20	<u>1,525,000</u>
Subtotal				\$6,910,000
Total General Obligation Debt				\$18,590,000

Annual Fiscal Year Debt Service

<u>Fiscal Year</u>	<u>General Obligation Debt Paid by Taxes (Includes the Bonds)</u>					
	<u>Existing Debt</u>		<u>The Bonds</u>		<u>Total Debt Service</u>	
	<u>Principal</u>	<u>Principal and Interest</u>	<u>Principal</u>	<u>Principal and Interest</u>	<u>Principal</u>	<u>Principal and Interest</u>
2014-15	\$825,000	\$942,873			\$825,000	\$942,873
2015-16	850,000	1,068,165	\$135,000	\$273,952	985,000	1,342,117
2016-17	865,000	1,062,580	175,000	274,388	1,040,000	1,336,968
2017-18	775,000	950,868	180,000	275,888	955,000	1,226,755
2018-19	480,000	636,020	180,000	272,288	660,000	908,308
2019-20	495,000	637,020	185,000	273,688	680,000	910,708
2020-21	505,000	632,270	190,000	274,988	695,000	907,258
2021-22	525,000	636,260	195,000	276,188	720,000	912,448
2022-23	255,000	348,750	195,000	272,288	450,000	621,038
2023-24	270,000	354,825	200,000	272,900	470,000	627,725
2024-25	280,000	354,700	205,000	273,400	485,000	628,100
2025-26	295,000	359,200	210,000	273,275	505,000	632,475
2026-27	305,000	357,400	215,000	273,025	520,000	630,425
2027-28	320,000	360,200	220,000	272,650	540,000	632,850
2028-29	335,000	362,400	225,000	271,600	560,000	634,000
2029-30	<u>350,000</u>	364,000	235,000	275,413	585,000	639,413
2030-31			240,000	273,363	240,000	273,363
2031-32			245,000	271,163	245,000	271,163
2032-33			255,000	273,200	255,000	273,200
2033-34			<u>265,000</u>	274,275	<u>265,000</u>	274,275
Total	\$7,730,000		\$3,950,000		\$11,680,000	

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General Obligation Debt Abated by Tax Increment		
Fiscal Year	Principal	Principal and Interest
2014-15	\$590,000	\$682,505
2015-16	500,000	676,530
2016-17	510,000	678,910
2017-18	525,000	685,590
2018-19	535,000	685,950
2019-20	555,000	695,060
2020-21	300,000	427,645
2021-22	315,000	434,220
2022-23	330,000	439,770
2023-24	340,000	439,540
2024-25	355,000	443,530
2025-26	375,000	451,545
2026-27	390,000	453,510
2027-28	410,000	459,565
2028-29	430,000	464,340
2029-30	<u>450,000</u>	467,780
Total	\$6,910,000	

REVENUE DEBT

The City of Norwalk has outstanding revenue debt payable from tax increment and the water sewer utilities as follows:

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 01/08/15
07/97	\$361,900	Sanitary District Mortgage	02/21	\$107,865
04/99	756,500	Colonial Meadows Developer Agreement	06/20	532,596
02/00	1,175,000	Water (SRF)	06/20	441,000
12/04	1,774,171	Des Moines Water Works Refunding	06/17	677,598
11/14	425,000	Sewer Projects	06/24	<u>425,000</u>
Subtotal				\$2,184,059

URBAN RENEWAL DEBT

From time to time, the City undertakes agreements with developers to facilitate economic development. Rebate agreements are subject to annual appropriation by the council; the total amount appropriated for the fiscal year ended June 30, 2015 is \$585,498. Total estimated future payments are \$5,355,522.

DES MOINES METROPOLITAN WASTEWATER RECLAMATION AUTHORITY AGREEMENTS

The City is a member of the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) and has entered into a financing agreement with the WRA to provide for the City's share of capital contribution for the construction and ongoing expansion of a metropolitan waste water system. The City is responsible for a portion of the WRA sewer revenue debt payable from the revenues of their Sewer System; its responsibilities pursuant to the WRA Financing Agreement stand as nearly as practicable on a parity and equality of rank with the City's direct sewer revenue bonds and parity obligations previously listed. As of January 8, 2015, the City's portion of outstanding WRA debt is \$9,122,468. This allocation is based on the City's average flow to the WRA system, and is subject to change on an annual basis.

INDIRECT DEBT

	1/1/2013	Portion of			City's
	Taxable	Taxable Value	Percent	GO Debt ⁶ on	Indirect
<u>Taxing District⁷</u>	<u>Valuation</u>	<u>In the City</u>	<u>Applicable</u>	<u>1/08/2015</u>	<u>Portion</u>
Norwalk CSD	\$505,654,026	\$364,753,378	72.13%	\$16,645,000	\$12,006,039
Warren County	1,916,227,024	364,753,378	19.03%	134,500	25,595
Des Moines Area Com. College	39,086,798,088	364,755,071	0.93%	65,880,000	<u>612,684</u>
TOTAL					\$12,644,318

DEBT RATIOS

		Debt/2013 Actual	
	<u>G.O. Debt</u>	<u>Market Value</u>	<u>Debt/8,945</u>
		<u>\$615,213,612</u>	<u>Population</u>
Direct General Obligation Debt	\$18,882,749	3.07%	\$2,110.98
Indirect General Obligation Debt	<u>12,644,318</u>	<u>2.06%</u>	<u>1,413.56</u>
Combined Debt	\$31,527,067	5.13%	\$3,524.54

TAX RATES

<u>Taxing District</u>	<u>FY2010/11</u>	<u>FY2011/12</u>	<u>FY2012/13</u>	<u>FY2013/14</u>	<u>FY2014/15</u>
	<u>\$/1,000</u>	<u>\$/1,000</u>	<u>\$/1,000</u>	<u>\$/1,000</u>	<u>\$/1,000</u>
Warren County:	5.98385	5.78580	5.73932	5.72437	5.71968
Polk County: ⁸	6.81833	6.80992	6.80992	6.94381	7.16880
City of Norwalk:	14.60000	16.34634	15.69000	15.69000	15.68944
Norwalk Community Schools:	20.16885	20.01224	20.57095	19.80039	19.89589
Norwalk Cemetery:	0.06750	0.06750	0.06750	0.06750	0.06750
Warren County Assessor:	0.32013	0.32000	0.37767	0.32000	0.32112
Warren County Ag. Extension:	0.06179	0.05912	0.05247	0.05121	0.05096
Des Moines Area CC:	0.56008	0.59018	0.58466	0.69120	0.65724
State of Iowa:	<u>0.00340</u>	<u>0.00320</u>	<u>0.00330</u>	<u>0.00330</u>	<u>0.00330</u>
Consolidated Rate-					
City Resident in Warren County	41.76560	43.18438	43.08587	42.34797	42.40513

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⁶ School district figures exclude Sale and Service Tax Revenue Bonds.

⁷ Excludes Polk County and the Des Moines Independent school district, each with less than 0.01% applicable valuation in the City.

⁸ A small portion of the City's Ag. Land lies within Polk County.

LARGER EMPLOYERS

A representative list of larger employers and employees in the City is as follows:

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate # of Employees</u>
Norwalk Community School District	Education	350
Produce Innovations	Produce	182
Capital City Fruit	Produce Distribution	138
City of Norwalk ⁹	Municipal Government	122
Norwalk Ready-Mixed Concrete	Concrete	70
Regency Care Center	Nursing Home	65
Scott's Holiday Foods	Grocer	57
City Stated Bank	Financial Services	45
CLC Norwalk	Nursing Home	45
Apple Tree Children's Center	Child Care	25
Kelly Cortum	Construction	18

Source: LocationOne Website access December 2014.

CENSUS DATA

1990 US Census	5,726
2000 US Census	6,884
2006 Special City Census	8,229
2010 US Census	8,945

Sources: US Census Bureau website and the City.

UNEMPLOYMENT RATES

<u>Calendar Year Average</u>	<u>Warren County¹⁰</u>	<u>State of Iowa¹¹</u>
2010	6.0%	6.3%
2011	5.5%	5.8%
2012	5.1%	5.2%
2013	4.4%	4.6%
2014 ¹²	4.2%	4.4%

⁹ Includes part-time and seasonal employees

¹⁰ Not seasonally adjusted.

¹¹ Seasonally adjusted.

¹² Average January through October.

EDUCATION

Public education is provided by the Norwalk Community School District (the “District”), with a certified enrollment for the 2011-12 school year of 2,516. The District, with approximately 350 employees, owns and operates maintains five facilities: Oviatt Elementary (PreK-3), Lakewood (4-5), Middle School (6-7), Eastview (8-9), and Norwalk High School (9-12).

LEVIES AND TAX COLLECTIONS

Year	Taxes Levied ¹³	Amount Collected ¹⁴	% of Taxes Levied
2009-10	3,358,260	3,406,784	101.44%
2010-11	3,477,042	3,508,222	100.90%
2011-12	3,933,263	3,888,543	98.86%
2012-13	4,297,896	4,310,453	100.29%
2013-14	4,212,230	4,255,483	101.03%
2014-15	4,345,280	--in process of collection--	

FUNDS ON HAND (CASH AND INVESTMENTS AS OF NOVEMBER 30, 2014)

General Fund	\$1,088,716
Police Fire Trust & Agency	30,750
Debt Service	462,457
Road Use	474,213
TIF	2,091,959
Special Revenue	938,248
Water Fund	328,104
Sewer Fund	159,819
Library Trust & Agency	20,194
Park Trust & Agency	102,714
Storm Water	1,016,840
Economic Development	17,017
Capital Projects – Water Tower Park	27,807
Capital Projects – Hakes/Wright Road	0
Capital Projects – Other	25,516
Capital Projects – Legacy Park	488
Equipment Revolving	<u>222,060</u>
Total Cash and Investments	\$7,006,902

EMPLOYEES AND PENSIONS

The City has 47 full-time and 75 part-time employees (including seasonal employees). There are 21 employees represented by Teamster Local 238 under contracts in which the public works union contract expires June 30, 2017 and the police union contract expires June 30, 2015. The City contributes to the Iowa Public Employees Retirement System (the “IPERS”); a cost sharing multiple-employer public employees’ retirement system designed as a supplement to Social Security. The pension plan provides retirement and death benefits, which are established by State statute. The City is current in its obligation to IPERS, which has been as follows: \$222,105 FY 2010-11, \$238,478 FY 2011-12 and \$261,631 FY 2012-13. For FY 2013-14 \$267,885, plan members are required to contribute 5.95% of their annual covered salary, and the City is required to contribute 8.93% of annual covered payroll.

¹³ Levy is based on the City’s Certification of Budget.

¹⁴ Collections as reported by Warren County excluding TIF collections.

INSURANCE

The City's insurance coverage is as follows:

Type of Insurance	Occurrence/Aggregate Limit
Workers' Compensation	Statutory Coverage
Commercial Property	
General aggregate limit (other than products-completed operations)	\$1,000,000/\$2,000,000
Products completed operations aggregate limit	\$2,000,000/Limit
Personal and advertising injury	\$1,000,000/Limit
Fire Damage Limit	\$100,000/Limit
Medical Expenses	\$5,000/Limit
Commercial Inland Marine	
Contractors' Equipment	\$272,420 Limit
Miscellaneous Property	\$15,000 /Limit
Electronic Data Processing	\$250,000/ Limit
Commercial Auto	
Liability	\$1,000,000
Uninsured motorists	\$1,000,000
Underinsured motorists	\$1,000,000
Commercial Umbrella	\$5,000,000/\$5,000,000

BUILDING PERMITS

City officials reported the following construction activity as of November 30, 2014. Permits for the City are reported on a calendar year basis. The figures below include both new construction and remodeling.

	2012	2013	2014 ¹⁵
Single Family Homes			
# of New Homes	54	84	73
Valuation	\$15,174,336	\$23,893,659	\$22,879,211
# of Multi-Family	16	23	15
Valuation	\$2,850,843	\$6,122,566	22,698,166
Commercial/Industrial, Other	6	4	7
Valuation	\$431,578	\$2,267,654	\$4,645,441
Other/Additions	193	177	181
Valuations	\$928,552	\$667,602	\$2,390,684
Total Permits	269	288	276
Total Valuations	\$19,385,309	\$32,951,481	\$52,613,502

¹⁵ As of November 30, 2014.

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APPENDIX B – FORM OF LEGAL OPINION

We hereby certify that we have examined certified copies of the proceedings (the “Proceedings”) of the City Council of the City of Norwalk (the “Issuer”), in Warren County, Iowa, passed preliminary to the issue by the Issuer of its General Obligation Corporate Purpose Bonds, Series 2015A (the “Bonds”) in the amount of \$3,950,000, dated January 21, 2015, in the denomination of \$5,000 each, or any integral multiple thereof, in evidence of the Issuer’s obligation under a certain loan agreement (the “Loan Agreement”), dated as of January 21, 2015. The Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually, commencing December 1, 2015, at the respective rates as follows:

Date	Principal	Interest Rate	Date	Principal	Interest Rate
2016	\$135,000	2.00%	2026	\$210,000	2.50%
2017	175,000	2.00%	2027	215,000	2.50%
2018	180,000	2.00%	2028	220,000	2.75%
2019	180,000	2.00%	2029	225,000	2.75%
2020	185,000	2.00%	2030	235,000	3.00%
2021	190,000	2.00%	2031	240,000	3.00%
2022	195,000	2.00%	2032	245,000	3.25%
2023	195,000	2.25%	2033	255,000	3.50%
2024	200,000	2.25%	2034	265,000	3.50%
2025	205,000	2.50%			

Principal of the Bonds maturing in the years 2024 to 2034, inclusive, are subject to optional redemption prior to maturity on June 1, 2023, or on any date thereafter on terms of par plus accrued interest.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.
2. The Bonds and the Loan Agreement are valid and binding general obligations of the Issuer.
3. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.
4. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986 (the “Code”) that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.
5. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the Bonds be, or continue to be, qualified tax-exempt obligations. The Issuer has covenanted to comply with each such requirement.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

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APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Norwalk, Iowa (the “Issuer”), in connection with the issuance of \$3,950,000 General Obligation Corporate Purpose Bonds, Series 2015A (the “Bonds”) dated January 21, 2015. The Bonds are being issued pursuant to a resolution of the Issuer approved on January 8, 2015 (the “Resolution”). The Issuer is currently in compliance in all material respects with each undertaking previously entered into by it under the Rule, as hereinafter defined. The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the Dissemination Agent, if any, designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Holders” shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314.

“National Repository” shall mean, at any point in time, a nationally recognized municipal securities information repository which is then recognized as such by the SEC; as of the date of this Disclosure Certificate, the sole National Repository is the MSRB, which accepts filings via its Electronic Municipal Market Access (EMMA) system at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Iowa.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) As soon as available but not later than 12 months after the end of the Issuer’s fiscal year (presently June 30), commencing with the report for the 2013-2014 fiscal year, the Issuer shall, or shall cause the Dissemination Agent (if any) to, provide to each National Repository an electronic copy of its Annual Report which is consistent with the requirements of Section 4 of this

Disclosure Certificate and which Annual Report is in a format and accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Issuer has designated a Dissemination Agent, then not later than fifteen (15) business days prior to the filing date in Section 3(a), the Issuer shall provide the Annual Report to the Dissemination Agent.

(c) If the Issuer is unable to provide an Annual Report by the date required in subsection (a), the Issuer shall, or shall cause the Dissemination Agent (if any) to, send a notice to each National Repository stating (1) that there has been a failure to provide an Annual Report on or before the date specified in this Disclosure Certificate and (2) the date by which the Issuer will be able to provide the required report.

(d) The Dissemination Agent (if any) shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and confirming that it was filed with each National Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Tables, schedules or other information contained in the Official Statement for the Bonds, under the following captions:

1/1/13 Valuations
2013 Gross Taxable Valuation by Class of Property
Larger Taxpayers
Debt Limit
Direct Debt
Overlapping Debt
Levies and Tax Collections

The information to be provided pursuant to Section 4(b) may be unaudited, but is to be certified as to accuracy and completeness in all material respects by the Issuer's chief financial officer to the best of his or her knowledge, which certification may be based on the reliability of information obtained from governmental or other third party sources. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's web site or are filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies;

- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(b) If a Listed Event described in paragraph (2), (7), (8) (but only with respect to bond calls under (8)), (10), (13) or (14) above has occurred and the Issuer has determined that such Listed Event is material under applicable federal securities laws, the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file a notice of such occurrence with each National Repository.

(c) If a Listed Event described in paragraph (1), (3), (4), (5), (6), (8) (but only with respect to tender offers under (8)), (9), (11) or (12) above has occurred the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file a notice of such occurrence with each National Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Issuer's receipt of an opinion of nationally recognized Bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Financial Advisor.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized Bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized Bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent, if any, shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: January 21, 2015

CITY OF NORWALK, IOWA

By _____
Mayor

Attest:

By _____
City Clerk

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APPENDIX D – AUDITED FINANCIAL STATEMENTS

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CITY OF NORWALK

INDEPENDENT AUDITORS' REPORTS

BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

SCHEDULE OF FINDINGS

June 30, 2013



Shull
and Co. P.C.
certified public accountants

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CITY OF NORWALK

OFFICIALS

Name	Title	Term Expires
	Before January 2013	
Doug Pierce	Mayor	Dec. 2013
Frank Curtis	Mayor Pro Tem & Council Member	Dec. 2015
Eric Delker	Council Member	Dec. 2015
Jamie Sylvester	Council Member	Dec. 2015
Mike Leto	Council Member	Dec. 2013
Dave Murillo	Council Member	Dec. 2013
Marketa Oliver	City Manager	Indefinite
Jeff Rosien	Clerk	Indefinite
James Dougherty	Attorney	Indefinite
	After January 2013	
Doug Pierce	Mayor	Dec. 2013
Frank Curtis	Mayor Pro Tem & Council Member	Dec. 2015
Eric Delker	Council Member	Dec. 2015
Jamie Sylvester	Council Member	Dec. 2015
Mike Leto	Council Member	Dec. 2013
Dave Murillo	Council Member	Dec. 2013
Marketa Oliver	City Manager	Indefinite
Jeff Rosien	Clerk	Indefinite
James Dougherty	Attorney	Indefinite



Shull

and Co. P.C.
certified public accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Norwalk, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards of the United States of America and the standards applicable to financial audits contained in, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Norwalk as of June 30, 2013, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than the generally accepted accounting principles of the United States of America. Our opinion is not modified with respect to this matter.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norwalk's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards of the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis and budgetary comparison information on pages 6 through 13 and 41 through 43 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards we have also issued our report dated December 31, 2013 on our consideration of the City of Norwalk's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Norwalk's internal control over financial reporting and compliance.

Shull & Co., P.C.

December 31, 2013

CITY OF NORWALK

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Norwalk, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

Receipts of the City's governmental activities decreased 34%, or approximately \$4,397,000 from fiscal 2012 to fiscal 2013. Capital grants, contributions and restricted interest, property tax and bond proceeds decreased approximately \$168,000, \$370,000 and \$3,890,000, respectively.

Disbursements of the City's governmental activities decreased 7%, or approximately \$862,000, in fiscal 2013 from fiscal 2012. Public safety and debt service increased approximately \$504,000 and \$2,270,000, respectively. Public works, community and economic development, and capital project disbursements decreased approximately \$168,000, \$102,000, and \$3,353,000, respectively.

The City's total cash basis net position decreased 45%, or approximately \$3,579,000, from June 30, 2012 to June 30, 2013. Of this amount, the assets of the governmental activities decreased approximately \$3,840,000 and the assets of the business type activities decreased by approximately \$261,000.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

CITY OF NORWALK

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Position reports information which helps answer this question.

The Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.

Business Type Activities include the waterworks, the sanitary sewer system, and the storm water drainage system. These activities are financed primarily by user charges.

CITY OF NORWALK

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Fund Financial Statements

The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund and 4) the Capital Projects Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

2. Proprietary funds account for the City's Enterprise Funds and for the Internal Service Fund. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the water, sewer, and storm water funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

Reconciliations between the government-wide statement and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$5,311,584 to \$1,471,216. The analysis that follows focuses on the changes in cash balances for governmental activities.

CITY OF NORWALK

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Changes in Cash Basis Net Position of Governmental Activities

	Year ended June 30,	
	2013	2012
Receipts and transfers		
Program receipts		
Charges for service	\$ 1,169,057	1,087,980
Operating grants, contributions and restricted interest	1,292,470	1,309,755
Capital grants, contributions and restricted interest	-	167,725
General receipts		
Property tax	5,659,280	6,029,129
Utility tax replacement excise tax	293,910	306,967
Grants and contributions not restricted to specific purposes	25,761	25,111
Unrestricted interest on investments	10,074	11,544
Bond and loan proceeds	-	3,891,669
Other general receipts	39,218	57,133
Total receipts and transfers	<u>8,489,770</u>	<u>12,887,013</u>
Disbursements		
Public safety	3,341,804	2,837,904
Public works	1,363,156	1,531,617
Health and social services	6,000	7,655
Culture and recreation	1,025,486	1,022,186
Community and economic development	744,800	846,408
General government	604,369	617,892
Debt service	4,804,575	2,536,235
Capital projects	567,448	3,920,141
Total disbursements	<u>12,457,638</u>	<u>13,320,038</u>
Change in cash basis net position before transfers	(3,967,868)	(433,025)
Transfers, net	<u>127,500</u>	<u>164,353</u>
Change in cash basis net position	(3,840,368)	(268,672)
Cash basis net position beginning of year	<u>5,311,584</u>	<u>5,580,256</u>
Cash basis net position end of year	<u>\$ 1,471,216</u>	<u>5,311,584</u>

The City's total receipts for governmental activities decreased by 34%, or \$4,397,243. The total cost of all programs and services decreased by \$4,410,124, or 25%, with no new programs added this year. The decrease in receipts was primarily the result of decreases in debt proceeds of \$3,891,669. Receipts also decreased for capital grants, contributions and restricted interest and property tax by \$167,725 and \$369,849, respectively.

CITY OF NORWALK

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The cost of all governmental activities this year was \$12,457,638 compared to \$13,320,038 last year. However, as shown in the Statement of Activities and Net Position on pages 14-17, the amount taxpayers ultimately financed for these activities was only \$9,996,111 because some of the cost was paid by those directly benefited from the programs (\$1,169,057) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$1,292,470). The City paid for the remaining "public benefit" portion of governmental activities with approximately \$5,659,000 in tax (some of which could only be used for certain programs) and with other receipts, such as interest and general.

Changes in Cash Basis Net Position of Business Type Activities

	Year ended June 30,	
	2013	2012
Receipts and transfers		
Program receipts		
Charges for service		
Water	\$ 1,177,405	991,008
Sewer	1,468,009	1,279,068
Other non major	328,205	315,788
Operating grants, contributions and restricted interest	252,077	360,737
General receipts		
Unrestricted interest on investment	6,899	14,114
Bond proceeds	-	-
Other general receipts	-	-
Total receipts	<u>3,232,595</u>	<u>2,960,715</u>
Disbursements		
Water	1,250,545	1,117,921
Sewer	1,403,617	2,721,477
Other non major	<u>189,708</u>	<u>291,671</u>
Total disbursements and transfers	<u>2,843,870</u>	<u>4,131,069</u>
Change in cash basis net position before transfers	388,725	(1,170,354)
Transfers, net	<u>(127,500)</u>	<u>(164,353)</u>
Change in cash basis net position	261,225	(1,334,707)
Cash basis net position beginning of year	<u>2,735,449</u>	<u>4,070,156</u>
Cash basis net position end of year	<u>\$ 2,996,674</u>	<u>2,735,449</u>

Total business type activities receipts for the fiscal year were \$3,232,595 compared to \$2,960,715 last year. Total disbursements for the fiscal year decreased by 31% or a total of \$1,287,199.

CITY OF NORWALK

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As City of Norwalk, Iowa completed the year, its governmental funds reported a combined fund balance of \$1,485,650, a decrease of more than \$3,840,000 from last year's total of \$5,326,018. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

The General Fund cash balance decreased \$650,403 from the prior year to \$1,064,547.

The Road Use Tax Fund cash balance increased by \$113,605 during the fiscal year to \$382,532.

The Employee Benefits Levy Fund cash balance increased \$113,826 to \$436,998.

The Urban Renewal Tax Increment Fund cash balance was \$855,290, a decrease of \$106,107 from the previous year.

The Debt Service Fund cash balance was \$11,911, a decrease of \$2,713,863 from the previous year.

The combined Capital Projects Funds decreased \$534,2 from the previous year.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The Water Fund cash balance decreased by \$10,435 to \$871,354.

The Sewer Fund cash balance increased by \$32,762 to \$824,267.

CITY OF NORWALK

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on May 16, 2013 and resulted in a net increase of \$1,420,000 in revenues. The increase was due primarily to an anticipated bond issue. Budgeted expenditures increased \$1,420,000 due to capital purchases.

Even with the budget amendments, the City exceeded the amounts budgeted in the debt service and capital projects functions for the year ended June 30, 2013.

DEBT ADMINISTRATION

At June 30, 2013, the City had \$17,455,804 in bonds and other long-term debt, compared to \$21,747,245 last year, as show below.

Outstanding Debt at Year-End		
	June 30,	
	2013	2012
General obligation bonds	\$ 16,210,000	20,310,000
Revenue bonds	561,000	679,000
Sanitary district mortgage assumed	136,134	150,709
Colonial Meadows economic development payments	548,670	607,536
Total	<u>\$ 17,455,804</u>	<u>21,747,245</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$16,210,000 is significantly below its constitutional debt limit of approximately \$29 million.

More detailed information about the City's long-term debt is presented in Note 3 to the financial statements.

CITY OF NORWALK

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

City of Norwalk, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates, and fees that will be charged for various City activities. One of those factors is the economy. The City's total assessed valuations have increased slightly. However, funding from the State has decreased due to budget constraints.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Marketa George Oliver, City Manager, 705 North Avenue, Norwalk, Iowa.

BASIC FINANCIAL STATEMENTS

CITY OF NORWALK

Cash Basis Statement of Activities and Net Position As of and for the year ended June 30, 2013

		<u>Program</u>
	<u>Disbursements</u>	<u>Charges for Service</u>
Functions / Programs:		
Governmental activities:		
Public safety	\$ 3,341,804	217,505
Public works	1,363,156	471,073
Health and social services	6,000	-
Culture and recreation	1,025,486	275,274
Community and economic development	744,800	16,216
General government	604,369	188,989
Debt service	4,804,575	-
Capital projects	<u>567,448</u>	<u>-</u>
Total governmental activities	<u>12,457,638</u>	<u>1,169,057</u>
Business type activities:		
Water	1,250,545	1,177,405
Sewer	1,403,617	1,468,009
Other non major	<u>189,708</u>	<u>328,205</u>
Total business type activities	<u>2,843,870</u>	<u>2,973,619</u>
Total	<u><u>\$ 15,301,508</u></u>	<u><u>4,142,676</u></u>

General Receipts and Transfers:

Property tax levied for:
General purposes
Tax increment financing
Debt service
Employee benefits
Emergency levy
Insurance levy
Utility tax replacement excise tax
Grants and contributions not restricted to specific purpose
Unrestricted interest on investments
Miscellaneous
Sale of assets
Transfers
Total general receipts and transfers

Receipts		Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
194,958	-	(2,929,341)	-	(2,929,341)
981,724	-	89,641	-	89,641
-	-	(6,000)	-	(6,000)
51,647	-	(698,565)	-	(698,565)
30,293	-	(698,291)	-	(698,291)
8,848	-	(406,532)	-	(406,532)
-	-	(4,804,575)	-	(4,804,575)
25,000	-	(542,448)	-	(542,448)
<u>1,292,470</u>	<u>-</u>	<u>(9,996,111)</u>	<u>-</u>	<u>(9,996,111)</u>
103,532	-	-	30,392	30,392
9,161	-	-	73,553	73,553
<u>139,384</u>	<u>-</u>	<u>-</u>	<u>277,881</u>	<u>277,881</u>
<u>252,077</u>	<u>-</u>	<u>-</u>	<u>381,826</u>	<u>381,826</u>
<u>1,544,547</u>	<u>-</u>	<u>(9,996,111)</u>	<u>381,826</u>	<u>(9,614,285)</u>
		2,149,867	-	2,149,867
		1,348,827	-	1,348,827
		1,072,317	-	1,072,317
		844,244	-	844,244
		91,689	-	91,689
		152,336	-	152,336
		293,910	-	293,910
		25,761	-	25,761
		10,074	6,899	16,973
		10,189	-	10,189
		29,029	-	29,029
		<u>127,500</u>	<u>(127,500)</u>	<u>-</u>
		<u>6,155,743</u>	<u>(120,601)</u>	<u>6,035,142</u>

CITY OF NORWALK

Cash Basis Statement of Activities and Net Position
As of and for the year ended June 30, 2013

Change in cash basis net position

Cash basis net position beginning of year

Cash basis net position end of year

Cash Basis Net Position

Restricted, expendable

Debt service

Urban renewal purposes

Streets

Other purposes

Unrestricted

Total cash basis net position

See notes to financial statements.

Net (Disbursements) Receipts and
Changes in Cash Basis Net Position

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
(3,840,368)	261,225	(3,579,143)
<u>5,311,584</u>	<u>2,735,449</u>	<u>8,047,033</u>
<u>\$ 1,471,216</u>	<u>2,996,674</u>	<u>4,467,890</u>
11,911	130,974	142,885
855,290	-	855,290
382,532	-	382,532
566,778	-	566,778
<u>(345,295)</u>	<u>2,865,700</u>	<u>2,520,405</u>
<u>\$ 1,471,216</u>	<u>2,996,674</u>	<u>4,467,890</u>

CITY OF NORWALK

Statement of Cash Receipts, Disbursements And Changes in Cash Balances Governmental Funds As of and for the year ended June 30, 2013

	General	Special Revenue		
		Road Use Tax	Employee Benefits Levy	Urban Renewal Tax Increment
Receipts				
Property tax	\$ 2,322,435	-	915,701	-
Tax increment financing collections	-	-	-	1,348,827
Other city tax	157,833	-	67,404	-
Licenses and permits	192,108	-	-	-
Use of money and property	66,519	-	-	-
Intergovernmental	72,973	856,625	-	-
Charges for service	837,238	-	-	-
Miscellaneous	260,260	111,174	10,189	-
Total receipts	<u>3,909,366</u>	<u>967,799</u>	<u>993,294</u>	<u>1,348,827</u>
Disbursements				
Operating				
Public safety	2,787,844	-	553,960	-
Public works	490,908	839,194	9,279	-
Health and social services	6,000	-	-	-
Culture and recreation	884,059	-	138,521	-
Community and economic development	95,725	-	13,101	527,716
General government	516,062	-	88,307	-
Debt service	-	-	-	88,766
Capital projects	-	-	-	-
Total disbursements	<u>4,780,598</u>	<u>839,194</u>	<u>803,168</u>	<u>616,482</u>
Excess of receipts over disbursements	<u>(871,232)</u>	<u>128,605</u>	<u>190,126</u>	<u>732,345</u>
Other financing sources (uses)				
Bond and loan proceeds	-	-	-	-
Sale of capital assets	12,029	-	-	17,000
Operating transfers in (out)	208,800	(15,000)	(76,300)	(855,452)
Total other financing sources (uses)	<u>220,829</u>	<u>(15,000)</u>	<u>(76,300)</u>	<u>(838,452)</u>

Debt Service	Capital Projects Colonial Parkway Improvement	Other Nonmajor Governmental Funds	Total
1,072,317	-	-	4,310,453
-	-	-	1,348,827
68,672	-	-	293,909
-	-	-	192,108
5,505	-	422	72,446
-	-	-	929,598
-	-	-	837,238
-	-	94,539	476,162
<u>1,146,494</u>	<u>-</u>	<u>94,961</u>	<u>8,460,741</u>
-	-	-	3,341,804
-	-	23,775	1,363,156
-	-	-	6,000
-	-	2,906	1,025,486
-	-	108,258	744,800
-	-	-	604,369
4,715,809	-	-	4,804,575
-	155,255	412,193	567,448
<u>4,715,809</u>	<u>155,255</u>	<u>547,132</u>	<u>12,457,638</u>
<u>(3,569,315)</u>	<u>(155,255)</u>	<u>(452,171)</u>	<u>(3,996,897)</u>
-	-	-	-
-	-	-	29,029
855,452	-	10,000	127,500
<u>855,452</u>	<u>-</u>	<u>10,000</u>	<u>156,529</u>

CITY OF NORWALK

Statement of Cash Receipts, Disbursements
And Changes in Cash Balances
Governmental Funds
As of and for the year ended June 30, 2013

		Special Revenue		
	General	Road Use Tax	Employee Benefits Levy	Urban Renewal Tax Increment
Net change in cash balances	(650,403)	113,605	113,826	(106,107)
Cash balances beginning of year	<u>1,714,950</u>	<u>268,927</u>	<u>323,172</u>	<u>961,397</u>
Cash balances end of year	<u>\$ 1,064,547</u>	<u>382,532</u>	<u>436,998</u>	<u>855,290</u>
Cash Basis Fund Balances				
Restricted for:				
Debt service	\$ -	-	-	-
Urban renewal purposes	-	-	-	855,290
Streets	-	382,532	-	-
Other purposes	-	-	436,998	-
Committed	25,824	-	-	-
Assigned	-	-	-	-
Unassigned	<u>1,038,723</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash basis fund balances	<u>\$ 1,064,547</u>	<u>382,532</u>	<u>436,998</u>	<u>855,290</u>

See notes to financial statements.

<u>Debt Service</u>	<u>Capital Projects Colonial Parkway Improvement</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
(2,713,863)	(155,255)	(442,171)	(3,840,368)
<u>2,725,774</u>	<u>(916,500)</u>	<u>248,298</u>	<u>5,326,018</u>
<u>11,911</u>	<u>(1,071,755)</u>	<u>(193,873)</u>	<u>1,485,650</u>
11,911	-	-	11,911
-	-	-	855,290
-	-	-	382,532
-	-	129,780	566,778
-	(1,071,755)	(361,299)	(1,407,230)
-	-	37,646	37,646
-	-	-	<u>1,038,723</u>
<u>11,911</u>	<u>(1,071,755)</u>	<u>(193,873)</u>	<u>1,485,650</u>

CITY OF NORWALK

Exhibit C

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash
Balances to the Cash Basis Statement of Activities and Net Position -
Governmental Funds
As of and for the year ended June 30, 2013

Total government funds cash balances	\$	1,485,650
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***Amounts reported for governmental activities in the Cash Basis
Statement of Activities and Net Position are different because:***

The Internal Service Funds are used by management to charge the costs of major equipment replacement and self funding of a future additional payroll activities period to individual funds. A portion of the cash balance of the Internal Service Funds is included in governmental activities in the Cash Basis Statement of Net Position.

(14,434)

Cash basis net position of governmental activities	\$	1,471,216
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Change in cash balances	\$	(3,840,368)
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***Amounts reported for governmental activities in the Cash Basis
Statement of Activities and Net Position are different because:***

The Internal Service Funds are used by management to charge the costs of major equipment replacement and self funding of a future additional payroll activities period to individual funds. A portion of the change in the cash balance of the Internal Service Funds is reported with governmental activities in the Cash Basis Statement of Activities and Net Position.

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Change in cash basis net position of governmental activities	\$	(3,840,368)
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See notes to financial statements.

CITY OF NORWALK

Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Proprietary Funds As of and for the year ended June 30, 2013

	<u>Enterprise</u>	
	<u>Water</u>	<u>Sewer</u>
Operating receipts		
Use of money and property	\$ 1,673	1,709
Charges for service	1,177,405	1,468,009
Miscellaneous	103,532	9,161
Total operating receipts	<u>1,282,610</u>	<u>1,478,879</u>
Operating disbursements		
Business type activities	<u>1,250,545</u>	<u>1,403,617</u>
Excess (deficiency) of receipts over (under) disbursements	32,065	75,262
Other financing sources (uses)		
Operating transfers out	<u>(42,500)</u>	<u>(42,500)</u>
Net change in cash balances	(10,435)	32,762
Cash balances beginning of year	<u>881,789</u>	<u>791,505</u>
Cash balances end of year	<u>\$ 871,354</u>	<u>824,267</u>
Cash Basis Fund Balances		
Restricted for debt service	\$ 6,155	124,819
Unrestricted	865,199	699,448
Total cash basis fund balances	<u>\$ 871,354</u>	<u>824,267</u>
See notes to financial statements.		

Funds

Other Nonmajor	Total
3,517	6,899
328,205	2,973,619
139,384	252,077
<u>471,106</u>	<u>3,232,595</u>
 189,708	 2,843,870
 281,398	 388,725
 (42,500)	 (127,500)
238,898	261,225
<u>1,047,721</u>	<u>2,721,015</u>
 1,286,619	 2,982,240
 -	 130,974
<u>1,286,619</u>	<u>2,851,266</u>
<u>1,286,619</u>	<u>2,982,240</u>

CITY OF NORWALK

Exhibit E

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash
Balances to the Cash Basis Statement of Activities and Net Position -
Proprietary Funds
As of and for the year ended June 30, 2013

Total enterprise funds cash balances	\$	2,982,240
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*Amounts reported for business type activities in the Cash Basis
Statement of Activities and Net Position are different because:*

The Internal Service Funds are used by management to charge the costs of major equipment replacement and self funding of a future additional payroll period to individual funds. A portion of the cash balance of the Internal Service Funds is included in business type activities in the Cash Basis Statement of Net Position.

14,434

Cash basis net position of business type activities	\$	<u>2,996,674</u>
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Change in cash balances	\$	261,225
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*Amounts reported for business type activities in the Cash Basis
Statement of Activities and Net Position are different because:*

The Internal Service Funds are used by management to charge the costs of major equipment replacement and future payroll costs to individual funds. A portion of the change in the cash balance of the Internal Service Funds is reported with business type activities in the Cash Basis Statement of Activities and Net Position.

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Change in cash basis net position of business type activities	\$	<u>261,225</u>
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See notes to financial statements.

CITY OF NORWALK

Notes to Financial Statements June 30, 2013

1. Summary of Significant Accounting Policies

The City of Norwalk is a political subdivision of the State of Iowa located in Warren County. It was first incorporated in 1856 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general administrative services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, City of Norwalk has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City of Norwalk has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the city but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Warren County Assessor's Conference Board, Warren County Emergency Management Commission, Marion/Warren County Drug Task Force, Metropolitan Area Solid Waste Agency and Des Moines Area Metropolitan Planning Organization.

B. Basis of Presentation

Government-wide Financial Statement – The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

CITY OF NORWALK

Notes to Financial Statements - Continued June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require them to be maintained permanently by the City.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position often has constraints on cash balances imposed by management, which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise fund are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

CITY OF NORWALK

Notes to Financial Statements - Continued

June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Special Revenue (Continued)

The Employee Benefits Levy Fund is used to account for the costs of employee benefits that are paid for by a special property tax levy.

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Funds are used to account for all resources used in the acquisition and construction of capital facilities.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The City also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies.

C. Measurement Focus and Basis of Accounting

The City of Norwalk maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America.

CITY OF NORWALK

Notes to Financial Statements - Continued June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there is both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

CITY OF NORWALK

Notes to Financial Statements - Continued June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the debt service and capital projects functions.

2. Cash and Pooled Investments

The City's deposits at June 30, 2013 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments subject to interest rate risk or credit risk reporting at June 30, 2013.

CITY OF NORWALK

Notes to Financial Statements - Continued
June 30, 2013

3. Bonds Payable

Annual debt service requirements to maturity for general obligation and revenue bonds are as follows:

Year Ending June 30,	General Obligation Bonds and Capital Notes		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,570,000	447,490	120,000	11,688	1,690,000	459,178
2015	1,415,000	420,755	67,000	7,717	1,482,000	428,472
2016	1,350,000	394,695	70,000	6,545	1,420,000	401,240
2017	1,375,000	366,490	72,000	5,320	1,447,000	371,810
2018	1,300,000	336,457	75,000	4,060	1,375,000	340,517
2019	1,015,000	306,970	77,000	2,747	1,092,000	309,717
2020	1,050,000	282,080	80,000	1,400	1,130,000	283,480
2021	805,000	254,915	-	-	805,000	254,915
2022	840,000	230,480	-	-	840,000	230,480
2023	585,000	203,520	-	-	585,000	203,520
2024	610,000	184,365	-	-	610,000	184,365
2025	635,000	163,230	-	-	635,000	163,230
2026	670,000	140,745	-	-	670,000	140,745
2027	695,000	115,910	-	-	695,000	115,910
2028	730,000	89,765	-	-	730,000	89,765
2029	765,000	61,740	-	-	765,000	61,740
2030	800,000	31,780	-	-	800,000	31,780
Total	<u>\$ 16,210,000</u>	<u>4,031,387</u>	<u>561,000</u>	<u>39,477</u>	<u>16,771,000</u>	<u>4,070,864</u>

The resolutions providing for the issuance of the revenue bonds include the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (b) The entire income and revenue of the water and sewer systems shall be deposited as collected in the Water Revenue and Sewer Revenue Funds respectively.
- (c) Sufficient transfers shall then be made to the Water and Sewer Revenue Sinking funds for the purpose of making the bond principal and interest payments when due.

CITY OF NORWALK

Notes to Financial Statements - Continued June 30, 2013

3. Bonds Payable (Continued)

- (d) \$60,000 from the proceeds of the sewer revenue bonds shall be deposited to and maintained in a Sewer Reserve fund. Money in the Sewer Reserve Fund shall be used solely for the purpose of paying principal at maturity of or interest on the bonds when insufficient money is available in the Sewer Revenue Sinking Fund.
- (e) Money in the Sewer Revenue Fund shall next be disbursed to maintain Sewer Improvement Fund. The Sewer Revenue Fund shall make minimum monthly transfers of \$1,600 until a minimum balance of \$60,000 has been accumulated. Money in the Improvement Funds shall be used solely for the purpose of paying principal of or interest on the bonds when there is insufficient money in the Sinking or Reserve Funds; and to the extent not required for the foregoing, to pay the cost of extraordinary maintenance or repairs, renewals and replacements, payment of rentals on any part of the system and for capital improvements.

In October 2009 the City issued \$475,000 of General Obligation Bonds. The proceeds from the bonds were used to pay costs of constructing improvements, and to acquire equipment for various city departments.

In March 2010, the City entered into a loan agreement with a bank, which provided a loan of \$786,328 for the purchase of a fire truck. The loan bears interest at 2.75%. The principal of the loan plus interest accrued is due August 2010

In August 2010 the City issued \$4,685,000 of General Obligation Urban Renewal Bonds. The proceeds from the bonds are to pay the costs of planning, undertaking, and carrying out the constructing a municipal works facility within the Norwalk Urban Renewal Area.

In August 2010 the City issued \$5,320,000 of General Obligation Bonds. The proceeds from the bonds are to pay the costs of constructing improvements, and to acquire equipment for various city departments.

In August 2010 the City issued \$1,260,000 of General Obligation Refunding Bonds. The proceeds from the bonds are to refund Series 1998 and Series 2004 General Obligation Bonds and Series 1999 and Series 2001 General Obligation Capital Loan Notes.

In October 2010 the City issued \$1,475,000 of General Obligation Urban Renewal Bonds. The proceeds from the bonds are to pay the costs of planning, undertaking, and carrying out constructing improvements to City Hall and a municipal public works facility with the Norwalk Urban Renewal Area.

CITY OF NORWALK

Notes to Financial Statements - Continued June 30, 2013

3. Bonds Payable (Continued)

In April 2012 the City issued \$1,095,000 of General Obligation Emergency Equipment Bonds. The proceeds from the bonds are to pay the costs of acquiring emergency communications and dispatch equipment.

In April 2012 the City issued \$2,820,000 of General Obligation Refunding Bonds for a crossover refunding of a portion of the General Obligation Bonds dated January 2001, April 2004 and November 2005. The City entered in to an escrow agreement whereby the proceeds from the general obligation refunding bonds were converted into U.S. Securities. These securities along with additional cash were placed in an escrow account for the express purpose of paying \$2,730,000 principal on the refunded general obligation bonds dated January 2001, April 2004, and November 2005 when they become callable on June 1, 2013 and the interest from June 1, 2012 to and including June 1, 2013 on the refunding bonds. After the principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the City. The transactions, balances and liabilities of the escrow account are recorded by the City since the refunded debt is not considered extinguished.

The City refunded the bonds to reduce its total debt service payments by approximately \$216,480 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$203,667.

4. Sanitary District Mortgage

In conjunction with the merger in July 1997 of the Lakewood Benefited Water District ("Water District") and the Lakewood Benefited Sanitary District ("Sanitary District") with the City, the City assumed a mortgage payable which was incurred by the Sanitary District during the construction of utility appurtenances and fixtures. The mortgage is payable in annual installments of \$21,458 including interest at 5% per annum through February 2021.

5. Economic Development Payments

In conjunction with a preannexation agreement with the owners of certain property subsequently annexed into the City, the City agreed to make economic development payments sufficient to amortize the \$756,500 cost of owner improvements plus interest for 60 months at 4.99% per annum over the remaining life of the applicable tax increment financing ("TIF") area. The economic development payments are not general obligations of the City and are payable only from 80% of the incremental property taxes attributable to the nonresidential portions of the TIF area. Payments by the City are applied first to interest and then to principal. The City expects to make semiannual payments of \$44,383 including interest at 4.99% per annum from December 1, 2005 through June 1, 2020.

CITY OF NORWALK

Notes to Financial Statements - Continued June 30, 2013

6. Commitments/Long-Term Obligations

The Board of Water Works Trustees of the City of Des Moines, Iowa ("Water Board") manages the water works system serving the City of Des Moines and other cities, utility boards and water districts ("Participants") in the surrounding area. The Water Board determined it was necessary to construct a second treatment plant in order to commit to sell capacities desired by the Participants. In connection with construction of the treatment plant, each Participant, including the City of Norwalk, executed a purchased capacity master agreement agreeing to pay a specified price per gallon of daily capacity. Payment of the purchase price may be made by participation in a bonding program whereby water revenue bonds of the City of Des Moines were issued to finance the purchased capacity payments of the Participants. Such Participants pay a monthly bond charge proportionate to their share of the total purchased capacity sufficient to fund payments into a sinking fund for interest and principal next due and any required payments into a reserve fund.

A schedule of the City's portion of future principal and interest payments for the revenue bonds is as follows:

Year ending June 30,	Des Moines Water Works Water Revenue Bonds		
	Principal	Interest	Total
2014	\$ 150,003	30,104	180,107
2015	155,175	24,000	179,175
2016	165,520	17,586	183,106
2017	175,865	10,759	186,624
2018	181,038	3,621	184,659
Total	<u>\$ 827,601</u>	<u>86,070</u>	<u>913,671</u>

During the year ended June 30, 2013, the City paid \$163,658 for principal and interest pursuant to this agreement.

CITY OF NORWALK

Notes to Financial Statements - Continued June 30, 2013

7. Joint Venture and Commitments

Warren County is a member of the Des Moines Metropolitan Wastewater Reclamation Authority (WRA), a joint venture established in accordance with the provisions of Chapter 28E of the Code of Iowa for the purpose of providing primary and secondary treatment of sewer flows for the participating communities. Through a separate Chapter 28E agreement the City of Norwalk has assumed a portion of Warren County's rights and obligations related to the WRA. The Amended and Restated Agreement for the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) was effective on July 1, 2004. This agreement amended and restated the previous Integrated Community Area (I.C.A.) Agreement to provide continued operation, improvements and expansion. The WRA Agreement establishes the WRA as a separate legal entity with its own Board, creates an independent governance structure, establishes an independent bonding authority for the WRA and provides a framework for additional communities to participate.

Annually, the WRA establishes an allocation to all participating communities based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and are adjusted prospectively for differences in budgeted flows and actual flows.

The City the Norwalk retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation. Although the debt of the WRA is to be paid solely and only from the WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the communities were a participating community are still outstanding. The WRA Sewer Revenue Bonds Series 2004A, 2004B and 2006 and the 2008 and 2009 State Revolving Loan Funds include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities.

The WRA Sewer Revenue Bonds Series 2004B and 2006 bonds were issued for capital expansion. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of the June 30, 2012, the Series 2004B bonds had a balance of \$60,025,000 and the City of Norwalk's estimated future allocation based on the WRA flows is currently \$1,653,247, or 2.75%. As of the June 30, 2012, the Series 2006 bonds had a balance of \$34,985,000 and the City of Norwalk's estimated future allocation based on the WRA flows is currently \$1,033,464, or 2.95%. The State Revolving Loans are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2012, the WRA had \$153,679,699 in outstanding State Revolving Loans, of which \$4,548,457, or 2.96% of future principal debt service is a commitment of the City of Norwalk. As of June 30, 2012, the WRA had \$6,139,000 in outstanding pre 2004 State Revolving Loans, of which \$37,560, or 0.06% of future principal debt service is a commitment of the City of Norwalk.

CITY OF NORWALK

Notes to Financial Statements - Continued June 30, 2013

7. Joint Venture and Commitments (Continued)

The WRA Agreement does not provide for the determination of an equity interest for the participating communities. Withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation will be paid. Pursuant to the new agreement, the City's investment in the joint venture under the I.C.A. Agreement has been contributed to the new WRA organization. Since there is no specific and measurable equity interest in the WRA Agreement, an investment in the joint venture will not be reported by the City. The city retains a reversionary interest percentage in the net position of the WRA redeemable only in the event the WRA is dissolved. During the year ended June 30, 2013, the City paid the WRA \$884,754 for operations, maintenance, equipment replacements and debt service payments.

The WRA issues separate financial statements that may be obtained at 3000 Vandalia Road, Des Moines, Iowa 50317-1346.

8. Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 5.78% of their annual covered salary and the City is required to contribute 8.67% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$261,631, \$238,478, and \$222,105 respectively, equal to the required contributions for each year.

9. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, retirement or death. Sick leave hours are accumulated for subsequent use but not for payment. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation termination payments payable to employees at June 30, 2013, primarily relating to the General Fund, was \$178,013, computed based on rates of pay as of June 30, 2013.

CITY OF NORWALK

Notes to Financial Statements - Continued June 30, 2013

10. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Road Use Tax	\$ 15,000
	Employee benefits levy	76,300
	Enterprise:	
	Water	42,500
	Sewer	42,500
	Storm Water	42,500
		<u>218,800</u>
Special Revenue:		
Park Trust		<u>10,000</u>
Debt Service:		
Colonial Parkway Improvement	Special Revenue:	
	Urban Renewal Tax Increment	<u>855,452</u>
		<u>\$ 1,084,252</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

11. Jointly Governed Organizations

The City is a member of the Iowa Municipalities Workers' Compensation Association (the "Association"). The Association is governed by a board of directors elected by representatives of the governing bodies of each participating governmental jurisdiction. The City has executed a Worker's Compensation coverage Agreement with the Association, which extends through June 30, 2013 and has authorized the Association to issue general obligation bonds to provide funds with which to pay claims. During the year ended June 30, 2013, the City paid workers' compensation insurance premiums of \$113,978 to the Association.

Also, the City is a member of the Des Moines Metropolitan Solid Waste Agency (the "Agency"). The Agency is governed by a board of directors consisting of representatives of the governing bodies of each participating governmental jurisdiction. The City had no transactions during the year with the Agency.

In addition, the City is a member of the Des Moines Area Metropolitan Planning Organization (the "Organization"). The Organization is governed by a board of directors consisting of representatives of the governing bodies of each participating governmental jurisdiction. The City's transactions during the year with the Organization were limited to payment of per capita fees of \$8,945.

CITY OF NORWALK

Notes to Financial Statements - Continued June 30, 2013

12. Risk Management

The City of Norwalk is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

13. Construction and Other Commitments

The City has entered into contracts totaling \$287,484 for a infrastructure study and fiber optic system. At June 30, 2013, \$268,162 of the contracts was completed. The remaining amount of the contracts will be paid as work on the projects progress.

14. Deficit Balances

The City had deficit balances in the following funds at June 30, 2013.

Capital Project Funds:

Colonial Parkway Improvement	\$	1,071,755
Hakes Wright Road		4,043
Pool		25,759
City Hall		654
Industrial Park		4,958
Lakewood Infrastructure		147,557
Norwalk Fiber Optic		265,668
Windflower Storm Water		80,302

The deficits will be eliminated upon receipt of funds or transfers in the next fiscal year.

OTHER INFORMATION

CITY OF NORWALK

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) -

All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2013

	Governmental Funds Actual	Proprietary Funds Actual
Receipts		
Property tax	\$ 4,310,453	-
Tax increment financing collections	1,348,827	-
Other city tax	293,909	-
Licenses and permits	192,108	-
Use of money and property	72,446	6,899
Intergovernmental	929,598	-
Charges for service	837,238	2,973,619
Miscellaneous	476,162	252,077
Total receipts	<u>8,460,741</u>	<u>3,232,595</u>
Disbursements		
Public safety	3,341,804	-
Public works	1,363,156	-
Health and social services	6,000	-
Culture and recreation	1,025,486	-
Community and economic development	744,800	-
General government	604,369	-
Debt service	4,804,575	-
Capital projects	567,448	-
Business type activities	-	2,843,870
Total disbursements	<u>12,457,638</u>	<u>2,843,870</u>
Excess of receipts over disbursements	(3,996,897)	388,725
Other financing sources (uses), net	<u>156,529</u>	<u>(127,500)</u>
Excess of receipts and other financing sources over disbursements and other financing uses	(3,840,368)	261,225
Balances beginning of year	<u>5,326,018</u>	<u>2,721,015</u>
Balances end of year	<u>\$ 1,485,650</u>	<u>2,982,240</u>

Less Funds not Required to to be Budgeted	Net	Budgeted Amounts		Final to Net Variance
		Original	Final	
-	4,310,453	4,297,896	4,297,896	12,557
-	1,348,827	1,430,039	1,430,039	(81,212)
-	293,909	544,890	544,890	(250,981)
-	192,108	123,500	123,500	68,608
5,505	73,840	83,950	83,950	(10,110)
-	929,598	891,000	941,000	(11,402)
-	3,810,857	3,779,400	3,779,400	31,457
<u>84,000</u>	<u>644,239</u>	<u>210,570</u>	<u>435,277</u>	<u>208,962</u>
<u>89,505</u>	<u>11,603,831</u>	<u>11,361,245</u>	<u>11,635,952</u>	<u>(32,121)</u>
-	3,341,804	2,734,321	3,679,321	337,517
23,775	1,339,381	1,199,302	1,349,302	9,921
-	6,000	9,150	9,150	3,150
-	1,025,486	1,088,640	1,133,640	108,154
-	744,800	786,268	801,268	56,468
-	604,369	515,536	630,536	26,167
2,767,101	2,037,474	2,003,678	2,003,678	(33,796)
-	567,448	-	-	(567,448)
-	<u>2,843,870</u>	<u>3,024,350</u>	<u>3,174,350</u>	<u>330,480</u>
<u>2,790,876</u>	<u>12,510,632</u>	<u>11,361,245</u>	<u>12,781,245</u>	<u>270,613</u>
(2,701,371)	(906,801)	-	(1,145,293)	238,492
<u>2,761,596</u>	<u>(2,732,567)</u>	<u>-</u>	<u>1,145,293</u>	<u>(3,877,860)</u>
60,225	(3,639,368)	-	-	(3,639,368)
<u>463,323</u>	<u>7,583,710</u>	<u>9,158,225</u>	<u>9,158,225</u>	<u>(1,574,515)</u>
<u>523,548</u>	<u>3,944,342</u>	<u>9,158,225</u>	<u>9,158,225</u>	<u>(5,213,883)</u>

CITY OF NORWALK

Notes to Other Information – Budgetary Reporting June 30, 2013

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$1,420,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the debt service and capital projects functions.

SUPPLEMENTARY INFORMATION

CITY OF NORWALK

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds
As of and for the year ended June 30, 2013

	<u>Special</u>				
	<u>Plumbers Bonds</u>	<u>Economic Development</u>	<u>Library Trust</u>	<u>Park Trust</u>	<u>Emergency Fund</u>
Receipts					
Use of money and property	\$ -	-	65	357	-
Miscellaneous	300	30,294	2,669	4,276	-
Total receipts	<u>300</u>	<u>30,294</u>	<u>2,734</u>	<u>4,633</u>	<u>-</u>
Disbursements					
Operating					
Public works	-	-	-	-	-
Culture and recreation	-	-	1,914	992	-
Community and economic developmen	-	108,258	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	<u>-</u>	<u>108,258</u>	<u>1,914</u>	<u>992</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>300</u>	<u>(77,964)</u>	<u>820</u>	<u>3,641</u>	<u>-</u>
Other financing uses					
Operating transfers in (out)	-	-	-	10,000	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Net change in cash balances	300	(77,964)	820	13,641	-
Cash balances beginning of year	10,189	175,519	9,189	74,113	32,017
Cash balances end of year	<u>\$ 10,489</u>	<u>97,555</u>	<u>10,009</u>	<u>87,754</u>	<u>32,017</u>
Cash Basis Fund Balances					
Restricted for:					
Other purposes	\$ -	-	10,009	87,754	32,017
Committed	10,489	97,555	-	-	-
Assigned	-	-	-	-	-
Total cash basis fund balances	<u>\$ 10,489</u>	<u>97,555</u>	<u>10,009</u>	<u>87,754</u>	<u>32,017</u>

See accompanying independent auditors' report.

Revenue							Capital
Legacy Pedestrian Path	Orchard Ridge Pedestrian Path	Hakes Wright Road	Legacy Park	Water Tower Park	Pool	I Jobs	Public Works Facility
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	25,000
-	-	-	-	-	-	-	25,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	4,043	-	-	-	-	2,013
-	-	4,043	-	-	-	-	2,013
-	-	(4,043)	-	-	-	-	22,987
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(4,043)	-	-	-	-	22,987
4,655	1,131	-	488	27,808	(25,759)	546	(7,210)
4,655	1,131	(4,043)	488	27,808	(25,759)	546	15,777
4,655	1,131	-	-	-	-	-	-
-	-	(4,043)	488	27,808	(25,759)	546	15,777
-	-	-	-	-	-	-	-
4,655	1,131	(4,043)	488	27,808	(25,759)	546	15,777

Projects

Signal Project	City Hall	Industrial Park	Lakewood Infrastructure	Norwalk Fiber Optic	Windflower Storm Water	Equipment Replacement	Total
-	-	-	-	-	-	-	422
-	-	-	-	-	-	32,000	94,539
-	-	-	-	-	-	32,000	94,961
-	-	-	-	-	-	23,775	23,775
-	-	-	-	-	-	-	2,906
-	-	-	-	-	-	-	108,258
-	654	-	84,513	240,668	80,302	-	412,193
-	654	-	84,513	240,668	80,302	23,775	547,132
-	(654)	-	(84,513)	(240,668)	(80,302)	8,225	(452,171)
-	-	-	-	-	-	-	10,000
-	-	-	-	-	-	-	10,000
-	(654)	-	(84,513)	(240,668)	(80,302)	8,225	(442,171)
9,193	-	(4,958)	(63,044)	(25,000)	-	29,421	248,298
9,193	(654)	(4,958)	(147,557)	(265,668)	(80,302)	37,646	(193,873)
-	-	-	-	-	-	-	135,566
9,193	(654)	(4,958)	(147,557)	(265,668)	(80,302)	-	(367,085)
-	-	-	-	-	-	37,646	37,646
9,193	(654)	(4,958)	(147,557)	(265,668)	(80,302)	37,646	(193,873)

CITY OF NORWALK

Schedule 2

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Proprietary Funds
As of and for the year ended June 30, 2013

	Enterprise Non Major		
	Storm Water	Equipment Replacement	Total
Receipts			
Use of money and property	\$ 3,517	-	3,517
Charges for service	328,205	-	328,205
Miscellaneous	87,384	52,000	139,384
Total receipts	419,106	52,000	471,106
Disbursements			
Operating			
Business type activities	189,708	-	189,708
Total disbursements	189,708	-	189,708
Excess (deficiency) of receipts over (under) disbursements	229,398	52,000	281,398
Other financing sources			
Bond proceeds	-	-	-
Operating transfers out	(42,500)	-	(42,500)
Total other financing sources (uses)	(42,500)	-	(42,500)
Net change in cash balances	186,898	52,000	238,898
Cash balances beginning of year	613,819	433,902	1,047,721
Cash balances end of year	\$ 800,717	485,902	1,286,619
Cash Basis Fund Balances			
Unreserved	\$ 800,717	485,902	1,286,619

See accompanying independent auditors' report.

CITY OF NORWALK

Schedule of Indebtedness
Year ended June 30, 2013

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Corporate purpose	Jan 1, 2001	4.85-5.10	\$ 1,950,000
Urban renewal fire station	Jun 30, 2005	3.50-4.00	2,500,000
Urban renewal fire station	Nov 3, 2005	3.70-4.25	670,000
Corporate purpose	Apr 20, 2006	3.60-3.85	700,000
Corporate purpose	May 15, 2007	3.75-4.05	1,950,000
Corporate purpose	Oct 15, 2008	3.25-3.85	780,000
Corporate purpose	Oct 6, 2009	2.00-3.00	475,000
Corporate purpose	Aug 25, 2010	2.00-4.00	4,685,000
Corporate purpose	Aug 25, 2010	2.00-4.00	5,320,000
Refunding bonds	Aug 25, 2010	1.00-1.50	1,260,000
Urban renewal	Oct 21, 2010	2.20-3.80	1,475,000
Emergency Equipment	Apr 4, 2012	0.60-2.20	1,095,000
Refunding bonds	Apr 4, 2012	0.60-1.80	2,820,000
Total			
Revenue bonds:			
Sewer	Feb 1, 1999	4.15-5.15	620,000
Water	Feb 7, 2000	3.00	1,175,000
Total			
Sanitary district mortgage assumed	July 1, 1997	5.00	361,900
Colonial Meadows economic development payments	April 8, 1999	4.99	926,341

See accompanying independent auditors' report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
\$ 1,180,000	-	1,180,000	-	59,157
1,520,000	-	1,520,000	-	58,520
410,000	-	410,000	-	16,683
-	-	-	-	-
1,265,000	-	105,000	1,160,000	49,673
550,000	-	85,000	465,000	19,687
250,000	-	125,000	125,000	7,125
4,375,000	-	180,000	4,195,000	131,370
5,045,000	-	285,000	4,760,000	167,363
415,000	-	155,000	260,000	4,970
1,385,000	-	55,000	1,330,000	41,910
1,095,000	-	-	1,095,000	18,000
2,820,000	-	-	2,820,000	37,101
<u>20,310,000</u>	<u>-</u>	<u>4,100,000</u>	<u>16,210,000</u>	<u>611,559</u>
110,000	-	55,000	55,000	5,638
<u>569,000</u>	<u>-</u>	<u>63,000</u>	<u>506,000</u>	<u>17,070</u>
<u>679,000</u>	<u>-</u>	<u>118,000</u>	<u>561,000</u>	<u>22,708</u>
<u>150,709</u>	<u>-</u>	<u>14,575</u>	<u>136,134</u>	<u>6,883</u>
<u>607,536</u>	<u>-</u>	<u>58,866</u>	<u>548,670</u>	<u>29,900</u>
<u>\$ 21,747,245</u>	<u>-</u>	<u>4,291,441</u>	<u>17,455,804</u>	<u>671,050</u>

CITY OF NORWALK

Bond and Note Maturities
June 30, 2013

Year Ending June 30,	GENERAL OBLIGATION							
	Corporate Purpose		Corporate Purpose		Corporate Purpose		Corporate Purpose	
	Issued May 15, 2007		Issued Oct 15, 2008		Issued Oct 6, 2009		Issued Aug 25, 2010	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2014	3.80%	\$ 110,000	3.30%	\$ 85,000	3.00%	\$ 125,000	2.00%	\$ 180,000
2015	3.80%	115,000	3.50%	90,000	-	-	2.00%	185,000
2016	3.85%	120,000	3.70%	95,000	-	-	2.00%	190,000
2017	3.90%	120,000	3.75%	95,000	-	-	2.00%	200,000
2018	3.95%	125,000	3.85%	100,000	-	-	2.20%	205,000
2019	4.00%	135,000	-	-	-	-	2.40%	210,000
2020	4.00%	140,000	-	-	-	-	2.60%	220,000
2021	4.05%	145,000	-	-	-	-	2.75%	230,000
2022	4.05%	150,000	-	-	-	-	3.00%	240,000
2023	-	-	-	-	-	-	3.10%	250,000
2024	-	-	-	-	-	-	3.25%	260,000
2025	-	-	-	-	-	-	3.40%	270,000
2026	-	-	-	-	-	-	3.50%	285,000
2027	-	-	-	-	-	-	3.60%	295,000
2028	-	-	-	-	-	-	3.75%	310,000
2029	-	-	-	-	-	-	3.90%	325,000
2030	-	-	-	-	-	-	4.00%	340,000
Total		<u>\$ 1,160,000</u>		<u>\$ 465,000</u>		<u>\$ 125,000</u>		<u>\$ 4,195,000</u>

BONDS

Corporate Purpose		Refunding		Urban Renewal		Emergency Equipment	
Issued Aug 25, 2010		Issued Aug 25, 2010		Issued Oct 21, 2010		Issued Apr 4, 2012	
Interest		Interest		Interest		Interest	
Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount
2.00%	\$ 290,000	1.20%	\$ 160,000	2.20%	\$ 60,000	0.60%	\$ 115,000
2.50%	300,000	1.50%	100,000	2.20%	60,000	0.80%	115,000
3.00%	305,000	-	-	2.20%	60,000	1.00%	120,000
3.00%	315,000	-	-	2.20%	60,000	1.20%	120,000
3.00%	210,000	-	-	2.40%	65,000	1.40%	120,000
3.00%	220,000	-	-	2.60%	65,000	1.60%	125,000
3.00%	230,000	-	-	2.75%	70,000	1.80%	125,000
3.25%	235,000	-	-	3.00%	70,000	2.00%	125,000
3.50%	245,000	-	-	3.00%	75,000	2.20%	130,000
3.50%	255,000	-	-	3.10%	80,000	-	-
3.75%	270,000	-	-	3.20%	80,000	-	-
3.75%	280,000	-	-	3.30%	85,000	-	-
4.00%	295,000	-	-	3.40%	90,000	-	-
4.00%	305,000	-	-	3.50%	95,000	-	-
4.00%	320,000	-	-	3.60%	100,000	-	-
4.00%	335,000	-	-	3.70%	105,000	-	-
4.00%	350,000	-	-	3.80%	110,000	-	-
	<u>\$ 4,760,000</u>		<u>\$ 260,000</u>		<u>\$ 1,330,000</u>		<u>\$ 1,095,000</u>

Refunding		
Issued Apr 4, 2012		
Interest		
Rates	Amount	Total
0.60%	\$ 445,000	\$ 1,570,000
0.80%	450,000	1,415,000
1.00%	460,000	1,350,000
1.20%	465,000	1,375,000
1.40%	475,000	1,300,000
1.60%	260,000	1,015,000
1.80%	265,000	1,050,000
	-	805,000
	-	840,000
	-	585,000
	-	610,000
	-	635,000
	-	670,000
	-	695,000
	-	730,000
	-	765,000
	-	800,000
	<u>\$ 2,820,000</u>	<u>\$ 16,210,000</u>

CITY OF NORWALK

Schedule 4
(Continued)Bond and Note Maturities
June 30, 2013

REVENUE BONDS					
Year Ending June 30,	Sewer		Water		Total
	Issued Feb 1, 1999		Issued Feb 7, 2000		
	Interest		Interest		
	Rates	Amount	Rates	Amount	
2014	5%	\$ 55,000	4%	\$ 65,000	\$ 120,000
2015		-	4%	67,000	67,000
2016		-	4%	70,000	70,000
2017		-	4%	72,000	72,000
2018		-	4%	75,000	75,000
2019		-	4%	77,000	77,000
2020		-	4%	80,000	80,000
		<u>\$ 55,000</u>		<u>\$ 506,000</u>	<u>\$ 561,000</u>

See accompanying independent auditor's report.

CITY OF NORWALK

Statement of Receipts By Source and Disbursements By Function - All Governmental Funds For the Last Ten Years

	2013	2012	2011	2010	2009
Receipts					
Property tax	\$ 4,310,453	3,888,543	3,200,448	3,103,479	2,981,456
Tax increment financing collections	1,348,827	2,140,586	1,820,225	1,436,406	902,715
Other city tax	293,909	306,967	267,470	272,997	261,165
Licenses and permits	192,108	167,352	157,712	143,630	126,234
Use of money and property	72,446	67,655	90,784	84,212	131,671
Intergovernmental	929,598	936,821	1,157,222	823,439	766,086
Charges for service	837,238	808,450	760,324	727,348	681,247
Miscellaneous	476,162	621,837	262,389	263,611	187,943
Total	<u>\$ 8,460,741</u>	<u>8,938,211</u>	<u>7,716,574</u>	<u>6,855,122</u>	<u>6,038,517</u>
Disbursements					
Operating					
Public safety	3,341,804	2,837,904	3,210,776	2,952,778	2,373,942
Public works	1,363,156	1,531,617	1,618,597	1,227,318	1,376,426
Health and social services	6,000	7,655	9,150	3,150	3,150
Culture and recreation	1,025,486	1,022,186	937,365	960,937	905,575
Community and economic development	744,800	846,408	732,164	489,294	260,807
General government	604,369	617,892	685,978	540,786	604,015
Debt service	4,804,575	2,536,235	3,236,356	1,627,389	1,698,399
Capital projects	567,448	3,920,141	7,267,099	1,311,028	1,281,073
Total	<u>\$ 12,457,638</u>	<u>13,320,038</u>	<u>17,697,485</u>	<u>9,112,680</u>	<u>8,503,387</u>

See accompanying independent auditor's report.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
2,662,695	2,359,808	2,007,156	1,944,684	1,850,777
1,164,617	916,408	820,782	726,796	602,507
276,628	263,049	149,352	91,718	95,051
198,997	143,389	196,664	187,923	126,368
226,874	219,212	204,357	90,802	90,848
771,747	768,173	659,954	670,976	623,041
638,211	588,138	603,252	224,611	238,900
293,806	187,018	375,575	375,609	313,365
<u>6,233,575</u>	<u>5,445,195</u>	<u>5,017,092</u>	<u>4,313,119</u>	<u>3,940,857</u>
1,665,905	1,321,635	1,540,593	1,268,424	1,123,028
1,200,933	1,103,075	1,329,041	602,794	552,582
3,150	3,150	3,150	3,150	3,150
802,799	764,784	734,071	648,403	612,893
210,512	131,511	162,687	162,818	182,897
456,252	479,607	454,465	461,738	412,190
1,495,528	1,394,554	1,112,312	1,266,009	1,102,064
764,064	1,616,705	1,825,243	283,756	762,861
<u>6,599,143</u>	<u>6,815,021</u>	<u>7,161,562</u>	<u>4,697,092</u>	<u>4,751,665</u>



Shull and Co. P.C.

certified public accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the City Council

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Norwalk, Iowa, as of and for the Year Ended June 30, 2013, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2013. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Norwalk's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Norwalk's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Norwalk's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Norwalk's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings to be a material weakness.

A significant deficiency is a deficiency, or combination of control deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Norwalk's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Norwalk's Responses to Findings

The City of Norwalk's responses to findings identified in our audit are described in the accompanying Schedule of Findings. The City of Norwalk's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Norwalk during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Shull & Co., P.C.

December 31, 2013

CITY OF NORWALK

Schedule of Findings
Year ended June 30, 2013

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

I-A-13 Reconciliation of bank accounts and Financial Reporting – During the audit, we identified that the bank accounts were not reconciled during the year ended June 30, 2013 and a material amount of entries were not made. Adjustments were subsequently made by the City to properly report these amounts in the City's financial statements.

Recommendation – The City should implement procedures to ensure all entries are made and that the bank accounts are reconciled on a timely basis.

Response – We will reconcile the bank accounts in the future.

Conclusion – Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-13 Certified Budget - Disbursements during the year ended June 30, 2013, exceeded the amounts budgeted in the debt service and capital projects functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

II-B-13 Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-13 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-13 Business Transactions - No business transactions between the City and City officials or employees were noted.

CITY OF NORWALK

Schedule of Findings - Continued Year ended June 30, 2013

Part II: Other Findings Related to Required Statutory Reporting - Continued:

- II-E-13 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- II-F-13 City Council Minutes - No transactions were found that we believe should have been approved in the City Council minutes but were not.
- II-G-13 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- II-H-13 Revenue Bonds - No violations of provisions of revenue bond resolution requirements were noted.
- II-I-13 Financial Condition – The City had the following deficit balances at June 30, 2013:

Capital Project Funds:

Colonial Parkway Improvement	\$	1,071,755
Hakes Wright Road		4,043
Pool		25,759
City Hall		654
Industrial Park		4,958
Lakewood Infrastructure		147,557
Norwalk Fiber Optic		265,668
Windflower Storm Water		80,302

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

Response – The municipal pool deficit will be covered by general fund reserves.

The Public Works Facility Colonial Parkway Improvements and Industrial Park deficits will be covered by TIF fund reserves and future TIF payments.

The NCIS (formerly Lakewood Infrastructure) and Norwalk Fiber Optic Project deficits will be covered in the next project bond issue and general fund dollars.

Conclusion – Response accepted.

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APPENDIX E – BOOK-ENTRY SYSTEM

The information in this Appendix concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from DTC. Neither the Underwriter nor the Issuer take responsibility for the accuracy or completeness thereof, or for any material changes in such information subsequent to the date hereof, or for any information provided at the web sites referenced below. Beneficial Owners should confirm the following with DTC or the Direct Participants (as hereinafter defined). So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references in the Official Statement to the Bondowners or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

Book-Entry System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for series of the Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Direct Participant as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Registrar, on any payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City does not take any responsibility for the accuracy thereof.

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN